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CITY OF SAN LUIS OBISPO

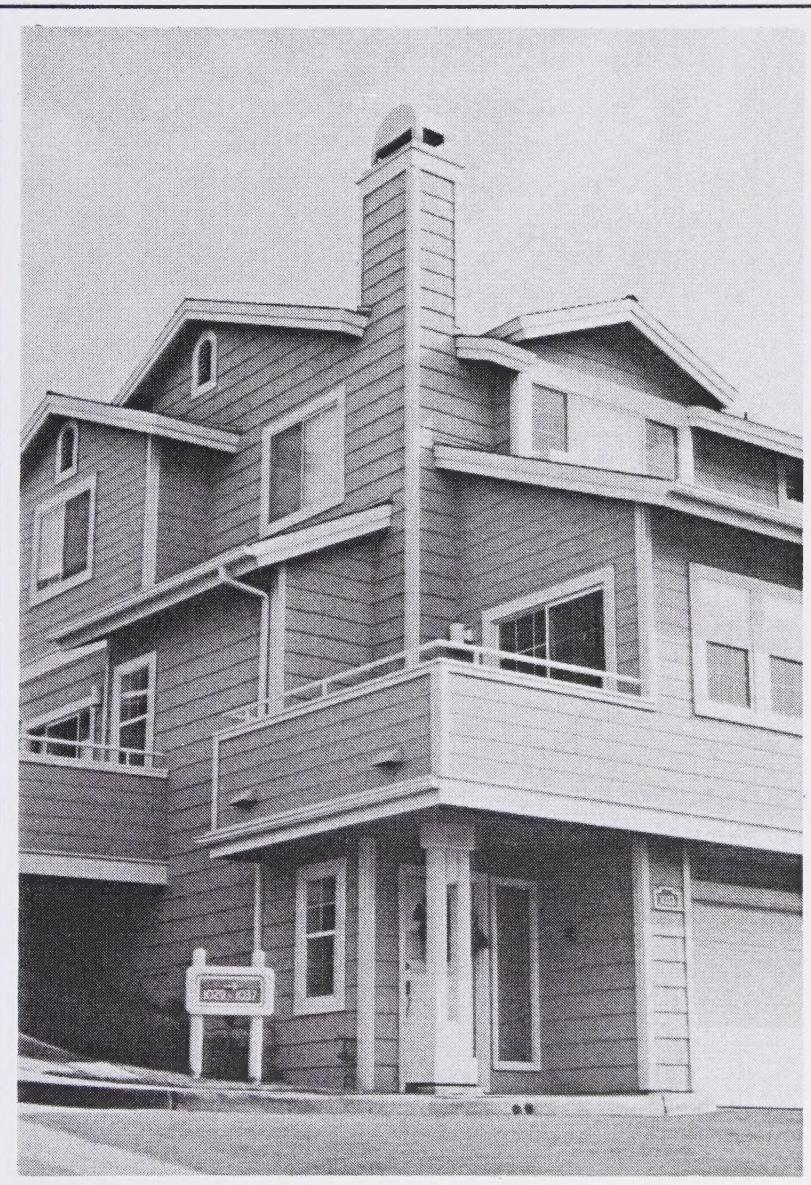
HOUSING ELEMENT

September 1994

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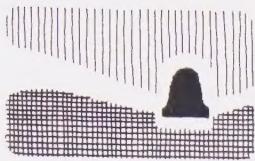
OUR MISSION STATEMENT

Our mission is to serve all persons in a positive and courteous manner and help ensure that San Luis Obispo continues to be a healthy, safe, attractive, and enjoyable place to live, work, or visit. We help plan the City's form and character, support community values, preserve the environment, promote the wise use of resources, and protect public health and safety.

OUR SERVICE PHILOSOPHY

The City of San Luis Obispo Community Development Department staff provides high quality service when you need it. We will:

- ♦ Listen to understand your needs;
- ♦ Give clear, accurate and prompt answers to your questions;
- ♦ Explain how you can achieve your goals under the City's rules;
- ♦ Help resolve problems in an open, objective manner;
- ♦ Maintain high ethical standards; and
- ♦ Work to improve our service.



city of san luis OBISPO

GENERAL PLAN HOUSING ELEMENT

This element was adopted on September 20, 1994,
San Luis Obispo City Council Resolution No. 8354 (1994 Series).

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*former Commissioner

COMMUNITY DEVELOPMENT DEPARTMENT

Arnold Jonas, Director

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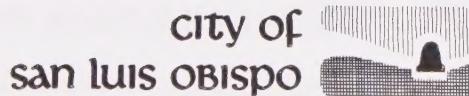
Jeff Hook, Project Planner

Judy Lautner, Associate Planner

Whitney McIlvaine, Assistant Planner

Pam Ricci, Associate Planner

Roger Newton, Planning Intern



Community Development Department

City of San Luis Obispo
990 Palm Street
P.O. Box 8100
San Luis Obispo, CA 93403 - 8100

FOREWORD

This Housing Element has been prepared to help San Luis Obispo City residents secure safe housing which meets their needs and budget, and to comply with State law. This is the final version of the Element, and supercedes the draft housing elements distributed for public review in April 1992, May 1993, June 1993, October 1993, and November 1993.

The Housing Element is one of four General Plan Elements being updated. The other elements are Land Use, Circulation, and Noise. Under State law, the Housing Element must be updated at least every five years. The City intends to update this Element by July 1, 1999.

To purchase additional copies of the Housing Element or other elements of the General Plan, contact the Community Development Department, City of San Luis Obispo, 990 Palm Street, San Luis Obispo, CA 93403-8100, (805) 781-7171.

**San Luis Obispo General Plan
Housing Element**

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* * *

INTRODUCTION

State law requires each city and county to adopt a general plan to guide the physical development of the community, and to guide the conservation and use of certain resources. The Housing Element is one of seven State-mandated sections of the City's General Plan, and of the seven elements, is the most precisely defined by State law. It must be consistent with the other General Plan elements, and must evaluate past housing programs, quantify current housing conditions and future needs, identify constraints on housing production, and describe policies and programs to meet housing needs. Significant changes to State Housing Law took effect on January 1, 1990, expanding the required scope of housing elements. To address these changes, the following sections were included in this update:

- Homelessness
- Preservation of assisted housing
- Quantified housing needs
- Constraints to housing production

The City has prepared this document to meet State law and to help its citizens secure adequate housing. Two other General Plan documents -- the Land Use Element and Circulation Element -- set the City's policy for land use and transportation improvements, and also include information, policies and programs which affect how, when and where the City's housing needs can be met.

This Housing Element update has the following basic objectives:

- Increase public understanding of the City's housing needs and goals, and encourage public participation in addressing housing problems;
- Provide a comprehensive document which includes the goals, policies, and programs which will help guide land use and housing-related decisions, and help meet the City's housing needs for the next five-year planning period.
- Document the effectiveness of City programs in meeting housing needs, and evaluate opportunities to improve those programs.
- Evaluate and quantify housing needs, including regional housing needs.

This element will be updated by July 1999. Citizens or the City itself may propose changes to the element at any time, and the changes can be adopted by the City Council after holding public hearings. For more up-to-date or more detailed information concerning population, housing, land use and development review in San Luis Obispo, contact the Community Development Department at City Hall, 990 Palm Street (P.O. Box 8100), San Luis Obispo, CA 93403-8100, or phone (805) 781-7171.

I. HOUSING GOALS, POLICIES AND PROGRAMS

1.00 Executive Summary

The State's economic recession is making it more difficult for many households to meet their housing needs today than it was in the 1980s. Consequently, San Luis Obispo's housing strategy has expanded to meet those needs by:

- Permit streamlining and exempting new housing which is affordable to very-low and low-income households from residential growth controls.
- establishing a program that requires the construction of affordable housing or payment of in-lieu fees as a condition of most new development.
- accommodating at least 1,200 new dwellings between June 1994 and June 1999, a net increase of about 225 dwellings and 550 persons annually -- an annual average population growth rate of about 1.3 percent;
- setting up a housing trust fund to provide first-time homebuyer assistance, housing rehabilitation assistance, and development incentives for affordable housing;
- waiving or deferring certain fees for affordable housing projects; and by
- planning for the annexation of land within San Luis Obispo's urban reserve to accommodate the needed housing as resources are available to serve new residents.

This strategy combines requirements and incentives to increase production of both affordable and market-rate housing in the next five years. For the first time, a portion of new residential projects must be affordable to very low- and low-income households. Most new commercial development, since it contributes to housing demand, would be required to include affordable housing or pay an in-lieu fee toward the development of affordable housing citywide.

Like many small cities with only limited public funds for housing, the City has relied upon the private sector to meet a portion of its affordable housing needs. Increasingly, local governments are finding it necessary to assist developers if adequate housing is to be built at prices that citizens can afford. Across the U.S., it has become apparent that the most effective programs involve cooperative public/private efforts to produce affordable housing. This requires that the City take a more active role in planning, funding, and promoting affordable housing than it traditionally has taken. This Housing Element update is designed to assist the City fulfill a larger role in promoting affordable housing. In January 1993, San Luis Obispo was designated as a "Metropolitan Area," and will be eligible for Federal housing block grant funding as an entitlement City, beginning in July 1994. Federal officials estimate that the City will be eligible to receive about \$850,000 annually for affordable housing programs benefitting very-low, low-, and moderate-income households.

1.10 Summary of Housing Goals, Policies and Programs

The City's overriding housing goal is to provide safe shelter for all residents. In addition, the City has a number of more specific housing goals:

- 1. Encourage the production of affordable housing which fits the income profile of the City's population.**
- 2. Conserve existing housing and cause the least possible displacement of current occupants.**
- 3. Encourage the development of mixed-income neighborhoods and housing rather than housing that is segregated by economic status.**
- 4. Provide variety in the location, type, size, tenure, cost, style, and age of dwellings to accommodate the wide range of households desiring to live within the City.**
- 5. Construct new housing to fulfill the needs of, first, City residents, and second, those who work in the City and who would like to live where they work.**
- 6. Preserve the quality of existing neighborhoods, and develop new areas in a manner that creates neighborhoods of high quality.**
- 7. Encourage the creation and maintenance of housing for those with special housing needs.**
- 8. Produce housing that is economical to occupy because it incorporates energy-saving and water-saving features.**
- 9. Moderate the growth of external housing demand to maximize housing opportunities for present City residents and for those who work here.**
- 10. Develop and retain housing on sites that are suitable for that purpose.**

The following summary matrix and narrative list the City's housing goals, policies and programs, which together form the City's blueprint for housing policy during the five-year period covered by this element. Goals, policies, and programs are listed in top-to-bottom order, with goals at the top and being the most general statements, working down to programs, the most specific statements of intent. Here is how the three levels of policy differ:

- Goals are desirable conditions which the City will attempt to reach over the long term. Although it may be impossible to attain all goals during this element's planning period, they will, nonetheless, be the basis for City actions during this period.

- Policies are statements of City intent. Most policies have a time frame that fits within this element's planning period. Policies are directives to those involved in the review of projects to do certain things. Some stand alone as directives, but others require that additional actions be taken. These additional actions are listed under "programs" below.
- Programs are actions the City intends to carry out, or which the City is cooperating with other agencies to carry out. Programs translate goals and policies into action.

Summary Matrix HOUSING ELEMENT PROGRAMS, 1994 - 1999

(Responsible Agency Key: CDD-Community Development Department; FD-Finance Department; FI-Fire Department; PW-Public Works Department; UD-Utilities Department; CAO- Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly; SLOCO-SLO County Government; SC-State of California; bold type indicates lead agency)

(Funding Key: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.21.4	Safe Housing	Expand code enforcement to resolve chronic building safety problems and prevent building neglect	CDD, FD, PW	GF	7/94	on-going	CC direction/budgeting
1.22.10	Inclusionary Housing	Adopt ordinance requiring new development projects to include affordable housing or pay in-lieu fees, as provided in Table 1	CDD, PC, CC	GF	7/94	10/94	Ordinance; public information
1.22.11	Housing Trust Fund	Establish fund to provide affordable housing and assist very-low/low/moderate income persons	CDD, FD, CC	GF, SF	7/94	10/94	Resolution; public information
1.22.12	Periodic Review of Regulations	Periodically review development regulations and consider changes to remove unnecessary regulations and encourage affordable housing	CDD,PC, ARC,PW, FI	GF	6/95	on-going, annual report	Amend Zoning/Sub.Reg.
1.22.13	Permit Streamlining	Adopt procedures for streamlined processing of for affordable housing projects	CDD,PC, ARC,PW,FI	GF	12/94	on-going	CC direction; revise dept. policies and procedures
1.22.14	Flexible Regulation	Review development regulations to encourage innovative, energy-efficient housing through flexible regulations for owner-builders	CDD,ARC, PC,PW,FI	GF	12/94	3/95	Resolution; possible code amendments
1.22.15	Fee Exemptions	Amend regulations to reduce development review/permit costs for affordable housing projects	FD, PW, CDD	HTF, GF	7/94	10/94	Ordinance
1.22.16	Condominium Conversions	Regulate condominium conversions and adopt affordability requirement for conversions	CDD,PC,CC	GF	3/95	6/95	Ordinance; amend condominium regulations

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.22.17	Public/Private Coordination	Help coordinate public/private actions to encourage affordable housing	CDD,PW, CC,PC	SF, HTF	6/94	on-going	CC direction
1.22.18	Assisted Financing	Enable issuance of mortgage revenue bonds to assist first-time and low income homebuyers	CDD, FD, CC	GF, SF	on-going	on-going	Resolution
1.22.19	Affordable Housing Conservation	Conserve affordable housing such as mobile homes, apartments, older or legal non-conforming housing; mitigate relocation impacts from public projects	CDD, PW, PC, CC	HTF, SF, GF	7/94	on-going	CC direction
1.23.7	Housing rehabilitation loans	Establish program to provide low-interest city loans or other assistance to preserve affordable housing	CDD,FD,PC SLOHA, CC	HTF, SF	2/95	6/95	Ordinance
1.23.8	Housing in Office Zones	To conserve housing in office zones, consider adopting a "no net housing loss" policy	CDD,PC,CC	GF	7/95	11/95	Ordinance
1.23.9	Revise Office Zoning	Amend Zoning Regulations to maintain dwellings in office zone districts	CDD,PC,CC	GF	7/95	11/95	Ordinance
1.23.10	Downtown Housing Conversion	Include a "no net housing loss" policy in the Downtown Housing Conversion permit process	CDD,PC,CC	GF	7/95	11/95	Ordinance
1.23.11	Remove Regulatory Obstacles	Remove regulatory obstacles to relocation and rehabilitation of dwellings to be demolished due to redevelopment of their sites	CDD,CHC, PC,CC	GF	10/95	2/96	Ordinance/resolution; amend development review policies and procedures
1.23.12	Remove Private Restrictions	Adopt regulations to prohibit private restrictions (CC&Rs) which preclude relocated or rehabilitated dwellings in new subdivisions	CDD,PC,CC	GF	4/95	8/95	Ordinance: amend Subdivision Regulations
1.23.13	Seismic Safety Education	Create an educational campaign for owners of older residences on ways to reduce seismic safety hazards	CDD,PC,CC	GF	4/95	8/95	Resolution

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.23.14	Seismic Retrofit Assistance	Create a financial assistance program to help low income households protect their homes against earthquakes	CDD,CC	HTF,SF	3/95	6/96	Resolution
1.23.15	Non-conforming Residential Use	Consider amending regulations that make housing a non-conforming use in certain zones	CDD,PC,CC	GF	12/95	6/96	Ordinance
1.23.16	Housing Conversion	Consider amendments to building, zoning, and fire code requirements which encourage conversion of housing to other uses	CDD,FI,PC, CC	GF	12/95	6/96	Ordinance
1.24.4	Mixed-income policies	Review City regulations and revise as needed to implement the mixed-income policies	CDD,PC,CC	GF	7/96	12/96	Resolution
1.25.6	Mixed Housing Types	Consider amendments to development regulations to implement mixed-variety and tenure policies	CDD,PC,CC	GF	7/96	12/96	Ordinance
1.26.7	Growth Management	Amend Residential Growth Management regulations to exempt housing affordable to very-low and low income households	CDD,PC,CC	GF	1/95	7/96	Ordinance
1.26.8	Neighborhood Commercial Mixed use	Consider amendments to zoning regulations to require dwellings above street level in new neighborhood commercial developments	CDD,PC,CC	GF	1/95	6/95	Ordinance
1.26.9	Downtown Residential Use	Amend regulations to require dwellings in new multi-story commercial buildings in the Downtown	CDD,PC,CC	GF	1/95	6/95	Ordinance

(Responsible Department or Agency: CDD-Community Development; FD-Finance; FI-Fire; PW-Public Works; UD-Utilities; CAO-Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly Administration; SLOCO-San Luis Obispo County Government; SC-State of California; bold face type indicates lead agency)

(Funding Source: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.26.10	Specific Plans/R-4 zoning	City will adopt specific plans for major expansion areas which will include sufficient R-4 zoned land to accommodate regional needs for very-low and low income housing	CDD,PC,CC	GF	On-going	On-going	Specific Plans adopted by Ordinance
1.26.11	Edna-Islay Specific Plan	Amend Edna-Islay Specific Plan and rezone to include a mix of medium-high density housing	CDD, PC, CC	GF	8/94	2/95	Ordinance
1.26.12	Residential Service Priority	Give priority to residential projects in the event public services must be rationed to new development	CDD,PW, PC,CC	GF	10/94	2/95	Ordinance
1.27.7	Neighborhood Involvement	Establish procedures to encourage neighbor input into planning and development review process	CDD,PW, PC,CC	GF	On-going	On-going	amend City review policies and procedures
1.27.8	Neighborhood Planning	Identify neighborhood needs, problems, opportunities; designate staff to work directly with neighborhoods	CDD,PW, PC,CC	GF	On-going	On-going	Policy direction; amend review policies and procedures
1.27.9	Neighborhood Projects	City will help fund neighborhood improvement projects	CDD,PW, PC,CC	GF,SF	On-going	On-going	Policy direction; budget documents
1.27.10	Neighborhood Security	Revise development standards to require all new housing provide visibility of streets and public areas	CDD, ARC,CC	GF	10/93	7/94	Amend Architectural Review Guidelines
1.27.11	Neighborhood Quality	Review City Regulations and revise as needed to implement neighborhood quality policies	CDD,PC,CC	GF	7/95	10/95	Resolution; Ordinance
1.28.6	Homelessness	Support jointly with other agencies, local and regional solutions to meeting needs of homeless persons and displaced women and children	CAO,CC	SF	On-going	On-going	CDBG documents; Budget documents

(Responsible Department or Agency: CDD-Community Development; FD-Finance; FI-Fire; PW-Public Works; UD-Utilities; CAO-Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly Administration; SLOCO-San Luis Obispo County Government; SC-State of California; **bold** face type indicates lead agency)

(Funding Source: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.28.7	Mobile Home Rent Control	Continue to regulate mobile-home park rent increases	CAO,CC	GF	On-going	On-going	N/A
1.28.8	Special Housing Sites	Identify sites in expansion areas for mobile home parks, cooperative housing, manufactured housing or other housing which meets special needs	CDD, PC, CC	GF	On-going	On-going	Ordinance
1.28.9	Campus Housing	Advocate development of non-dormitory housing on the Cal Poly University campus and refurbish existing campus housing	CDD, CP	GF	On-going	On-going	Revised University housing policies and actions
1.28.10	Fraternity/ Sorority Housing	Facilitate on-campus accommodations for fraternities and sororities and limit their expansion in residential neighborhoods	CDD, PC, CC,CP	GF	6/95	9/95	Ordinance; revised housing policies at Cal Poly
1.28.11	Student/ Community Relations	Adopt "good neighbor" program to improve communication and cooperation between the City, Cal Poly, residents and students	CDD, PC, CC,CP	GF	6/95	9/95	Resolution; program guidelines
1.29.3	Energy Conservation Education	Educate staff, citizen review bodies and the public in energy conservation issues to promote compliance with energy-conserving housing goals	CDD, PC, ARC,CC	GF	On-going	On-going	Council policy direction
1.29.4	Solar Heating Requirements	Amend development standards to require solar water heating for new apartments and houses	CDD,PC,CC	GF	12/95	6/96	Ordinance
1.29.5	Energy Conservation Policy	Assemble an energy committee to advise the City on updating the Energy Element for energy efficient housing	CDD,CC	GF	12/95	6/96	Amend Energy Element; Resolution

(Responsible Department or Agency: CDD-Community Development; FD-Finance; FI-Fire; PW-Public Works; UD-Utilities; CAO-Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly Administration; SLOCO-San Luis Obispo County Government; SC-State of California; bold face type indicates lead agency)

(Funding Source: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.29.6	Solar Access Policy	Consider changes to solar siting and access to improve long-term residential solar access	CDD,PC,CC	GF	12/95	6/96	Ordinance
1.29.7	Plumbing Retrofits	Continue and expand the subsidized plumbing retrofit program for water conservation	UD,CC	EF	On-going	On-going	Council policy direction; budget documents
1.29.8	Water Conservation	Make water conserving landscape education and retrofit a priority coequal with plumbing retrofits	UD,CC	GF	9/94	On-going	Council policy direction
1.30.5	Commercial/Industrial Expansion	Require proposals to annex commercial- or industrial-zoned land to evaluate impacts on housing demand, supply and cost	CDD,PC,CC	GF	7/94	On-going	Council policy direction
1.30.6	Airport Area	Discourage significant expansion of employment in the unincorporated airport area, pending annexation	CDD,PC, SLOCO,CC	GF	11/93	Upon annexation	Council policy direction
1.30.7	Out-of-area Housing Demand	Request developers of housing projects to promote their projects only within the San Luis Obispo County housing market area	CDD,CC	GF	11/93	On-going	Council policy direction
1.30.8	City Promotional Practices	Make City promotional practices, economic development efforts, and other actions consistent with the policy of not enticing persons from elsewhere to move to San Luis Obispo.	CAO,CC	GF	11/93	On-going	Council policy direction
1.30.9	Enrollment Growth	Link enrollment growth at Cal Poly and Cuesta College to the provision of campus housing programs	CDD,CP,CC	GF	11/93	On-going	Council policy direction

(Responsible Department or Agency: CDD-Community Development; FD-Finance; FI-Fire; PW-Public Works; UD-Utilities; CAO-Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly Administration; SLOCO-San Luis Obispo County Government; SC-State of California; **bold face type** indicates lead agency)

(Funding Source: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

Program Number	Subject	Description	Responsible Agency	Funding	Begin	Complete	Implementation Method
1.30.10	Institutional Growth	Link expansion of State institutions, eg. California Mens' Colony with the provision of employee housing	CDD,SC,CC	GF	11/93	On-going	Council policy direction
1.30.11	Non-residential Growth Limits	Consider amending the growth management regulations to moderate long-term housing demand due to non-residential growth	CDD,PC,CC	GF	1/95	7/95	Ordinance
1.31.5	Site Suitability	Adopt regulations to prevent new housing on unsuitable sites or where subject to hazards or incompatible land uses	CDD,PC,CC	GF	1/94	6/95	Resolution; Land Use Element update

(Responsible Department or Agency: CDD-Community Development; FD-Finance; FI-Fire; PW-Public Works; UD-Utilities; CAO-Administration; PC-Planning Commission; CC-City Council; HRC-Human Relations Commission; ARC-Architectural Review Commission; CHC-Cultural Heritage Committee; CP-Cal Poly Administration; SLOCO-San Luis Obispo County Government; SC-State of California; bold face type indicates lead agency)

(Funding Source: GF-General Fund; HTF-Housing Trust Fund; SF-Grants and Special Funding; EF-Enterprise Funds)

1.20 Description of San Luis Obispo's Housing Goals, Policies and Programs

Goal 1.21: Safety. Provide safe shelter for all residents.

Policies

1.21.1 Assist those citizens unable to obtain safe shelter on their own.

1.21.2 Maintain a level of housing code enforcement sufficient to abate unsafe conditions and maintain safe housing.

1.21.3 Support and inform the public about fair housing laws and programs which allow equal housing access for all City residents.

Program

1.21.4 As staffing and funding levels allow, code enforcement will be expanded from dealing with emergencies to resolving chronic building safety problems and to prevent demolition through neglect.

Goal 1.22: Affordability. Encourage housing production whose affordability fits the income profile of the City's present population.

Definition: What is "affordable housing?" For purposes of this housing element, affordable housing is housing that is affordable both initially and in the long term to a household with a particular income level. Income levels are defined as follows:

Very low:	50% or less of median household income.
Low:	51% to 80% of median household income.
Moderate:	81% to 120% of median household income.
Above moderate:	121% or more of median household income.

The index of affordability shall be whether the monthly cost of housing fits within the following limits:

- For very low and low income households, not more than 25% of monthly income.
- For moderate income households, not more than 30% of monthly income.
- For above moderate income households, no index.

These indices may be modified or expanded if the State of California modifies or expands its definition of affordability for these income groups.

Policies

- 1.22.1** For a project to qualify as "affordable housing" under the provisions of this Element, guarantees must be presented that the housing units will remain affordable for as long a period as is legally permissible, but in no case for less than 50 years. For affordable housing projects that use any municipally-granted financial benefit or special privilege (i.e., subsidies, below market interest mortgage bonds, reduced-cost land, fee waivers, development standard waivers, density bonuses; or other measures with financial benefit to the project's developer not available to all other housing developers), the affordability guarantees must be structured to keep the units permanently affordable at below market rental or purchase cost.
- 1.22.2** The City will adopt measures to encourage creating housing that's affordable to all its citizens, and to prevent loss of existing affordable housing.
- 1.22.3** The City will preserve and expand its supply of affordable rental housing.
- 1.22.4** Housing production citywide should provide housing affordable to all financial strata of the City's population in approximately the same proportion as those strata are found in the City's population. For this element's planning period, the proportions shall be those of the 1990 U.S. Census: very low income, 31%; low-income, 18%; moderate income, 17%; above moderate income, 34%.
- 1.22.5** In major annexation areas, the right of first refusal shall be extended to the City or its Housing Authority to purchase, at fair market value, land adequate to construct at least five percent of the number of dwellings allowed within the major annexation area, prior to development.
- 1.22.6** The City should take steps that encourage households or living groups of modest means to create their own living environments in an affordable manner.
- 1.22.7** The City shall discourage the replacement of existing lower cost housing by new higher cost housing, unless, (1) the lower cost units at risk can either be conserved, or (2) an equivalent number of new units comparable in affordability and amenities to those being replaced are created as part of the new project.
- 1.22.8** The City shall discourage conversion of affordable rental housing to condominiums or to other forms of housing tenure and occupancy.
- 1.22.9** The City shall avoid governmental actions which remove affordable housing units.

Programs

- 1.22.10** The City will amend its regulations to require that new development projects include affordable housing units, with guarantees that they remain permanently affordable, or pay an in-lieu fee to assist in the development of affordable housing Citywide, as described in Table 1, below:

Table 1
Affordable Housing Requirements¹

		Type of Development Project	
		Residential	Commercial
Location	In City	Build 3% low or 5% moderate cost Affordable Dwelling Units (ADUs ²), but not less than 1 ADU per project; or pay in-lieu fee equal to 5% of building valuation. ³	Build 1 ADU per acre, but not less than 1 ADU per project; or pay in-lieu fee equal to 5% of building valuation.
	In Expansion Area	Build 10% low- and 20% moderate-cost ADUs, but not less than 1 ADU per project; or pay in-lieu fee equal to 15% of building valuation.	Build 1 ADU per acre, but not less than 1 ADU per project; or pay in-lieu fee equal to 5% of building valuation.

¹Developer may build affordable housing in the required amounts, or pay in-lieu fee based on the above formula.

²Affordable Dwelling Units must meet City affordability criteria listed in Goal 1.22.

³"Building Value" shall mean the total value of all construction work for which a permit would be issued, as determined by the Chief Building Official using the Uniform Building Code.

- 1.22.11** The City will establish a housing trust fund to be used to develop affordable housing units and acquire land for affordable housing projects. To qualify for such public assistance, housing must include guarantees that it will remain affordable as long as legally permissible. Affordable housing in-lieu fees will be placed in this fund.
- 1.22.12** The City will periodically review its building and planning regulations to see if there are changes possible that could assist the production of affordable housing while not conflicting with other General Plan policies. Such periodic review will aim to remove regulations that are no longer needed.
- 1.22.13** The City will adopt procedures to speed the processing of applications and construction permits for affordable housing projects that do not involve significant planning issues or entitlements such as rezoning. City staff and commissions should give such projects priority in allocating work assignments, scheduling, conferences and hearings, and in preparing and issuing reports.
- 1.22.14** The City will review its building and planning regulations to find ways to allow construction by owner-builders of personalized, unconventional housing types that reduce cost and/or energy and materials consumption, provided that residential quality and safety can be maintained.
- 1.22.15** The City will amend its regulations to exempt certain affordable housing projects from payment of development review, construction permit, sewer and water hookup fees. Affordable housing units which are to be administered through the City's Housing Authority, not-for-profit housing organizations, the County of San Luis Obispo or other government agencies, and other public or private entities which guarantee permanent affordability for low-and moderate income households, should be eligible to seek exemption from such fees.
- 1.22.16** The City will revise its condominium conversion regulations to discourage or prevent the conversion of affordable rental units to condominiums unless permanent affordability guarantees, such as deed restrictions, are incorporated into the conversion.
- 1.22.17** The City will help coordinate public sector and private sector actions to encourage the development of housing affordable to low and moderate income households.
- 1.22.18** The City will enable issuance of mortgage revenue bonds to help develop or preserve assisted units through: (1) below market financing and (2) subsidized mortgages for low-income and moderate income, first-time home buyers.

1.22.19 The City will avoid permit approvals, municipal actions or public projects which remove or adversely affect existing affordable housing. The City will develop affordable housing conservation standards that should include the following provisions: (1) When the City finds affordable unit removal is necessary for public health and welfare, or in connection with a municipal project, it shall assist displaced residents with relocation costs and provide affordable replacement housing. (2) When the City permits private development projects that displace affordable housing, it will require the developer to assist displaced residents with relocation costs and provide affordable replacement housing.

Goal 1.23: Housing Conservation. Conserve existing housing supply and prevent displacement of current occupants.

Policies

- 1.23.1** The City shall discourage the demolition of sound or rehabilitable existing housing.
- 1.23.2** The City shall discourage the conversion or elimination of existing housing in office, commercial and industrial areas.
- 1.23.3** Since older dwellings can often be relocated and refurbished for considerably less cost than for a comparable new dwelling, and since older dwellings may offer spatial and material amenities unavailable in new dwellings, the City, in the interest of both economy and housing variety, will encourage rehabilitating such dwellings rather than demolition.
- 1.23.4** The City shall encourage seismic upgrades of older dwellings to reduce the risk of bodily harm and the loss of housing in an earthquake.
- 1.23.5** The City shall encourage the preservation, rehabilitation and expansion of residential hotels and other types of single-room occupancy dwellings.
- 1.23.6** The City shall preserve landmark and historic residential buildings.

Programs

- 1.23.7** Using State or Federal funds, such as Community Development Block Grants, the City will establish a housing rehabilitation program offering low-cost loans or other rehabilitation assistance to those who cannot afford or obtain conventional financing. Many of the City's older housing units in the R-1 and R-2 zones provide housing for those on fixed-incomes, and provide rental housing for those who cannot afford to purchase a house. By providing a limited number of low interest loans according to

need and affordability criteria, the City will help preserve safe, adequate housing for these citizens by rehabilitating approximately 182 dwellings and conserving approximately 91 dwellings.

- 1.23.8 To maintain housing in residential/office portions of Downtown, the City will consider adopting a "no net housing loss" policy, requiring that housing units either be maintained, or, in the case of office conversion of existing housing, be replaced on site or nearby. "Downtown" means the area bounded by Highway 101, the railroad tracks, and High Street.
- 1.23.9 Identify Office (O) zoned areas around the Downtown Core Area (as described in the Land Use Element) zone which are predominantly residential and redesignate them for residential use. The City should designate for office use the areas which are completely or almost completely developed with offices. For the areas which are a mix of residential and office uses, the City will apply a "Residential/Office" mixed-use designation which would allow existing offices to be maintained and replaced, but require replacement of dwellings as a condition of office expansion or replacing a dwelling with offices.
- 1.23.10 The City will adopt a "no net housing loss" policy for existing housing units in the C-C zone by revising the downtown housing conversion permit process.
- 1.23.11 The City will remove regulatory obstacles to the relocation and rehabilitation of dwellings that would otherwise be demolished due to redevelopment of their sites.
- 1.23.12 In the past, subdivision CC&Rs and seller restrictions have blocked the relocation and rehabilitation of dwellings by denying access to new sites. The City will adopt regulations to prohibit such discrimination against relocated dwellings.
- 1.23.13 The City will create an educational campaign for owners of older residences informing them of ways to reduce the seismic hazards commonly found in such structures, and encouraging them to undertake seismic upgrades.
- 1.23.14 To assist lower income households protect their homes from earthquake damage, the City will create a financial assistance program for seismic upgrades.
- 1.23.15 To encourage the preservation and rehabilitation of older housing, the City will consider amending existing regulations that make housing a non-conforming use in certain zones.
- 1.23.16 The City will evaluate, and where necessary, revise building, zoning and fire code requirements which discourage housing and encourage its conversion to other uses.

Goal 1.24: Mixed-Income Housing. Encourage the development of mixed-income neighborhoods and housing rather than housing that is segregated by economic status.

Policies

- 1.24.1 Within newly developed neighborhoods, housing affordable to various economic strata should be intermixed rather than segregated into separate enclaves.
- 1.24.2 Within apartment or condominium projects incorporating both market-rate and affordable units, the unit types should be intermixed and the affordable units should not stand out as being special or inferior.
- 1.24.3 For subsidized very low income housing projects, such as those developed by the City Housing Authority or non-profit groups, projects should be scattered throughout the City rather than concentrated in one district. In general, 20 dwellings should be the maximum number of subsidized very low income units developed on any one site.

Program

- 1.24.4 Review City regulations and revise as needed to implement the mixed-income policies.

Goal 1.25: Mixed Housing Variety and Tenure. Provide variety in the location, type, size, tenure, cost, style and age of dwellings to accommodate the wide range of households desiring to live within the City.

Policies

- 1.25.1 The City will encourage the integration of appropriately-scaled special user housing into developments or neighborhoods of conventional housing.
- 1.25.2 Where housing can be compatible with offices or other businesses, mixed-use residential/commercial projects should be encouraged.
- 1.25.3 To provide housing opportunities close to activity centers and to use its land efficiently, the City will encourage infill housing above ground level retail uses in neighborhood shopping districts and in the C-C zone.
- 1.25.4 Large housing developments should provide a variety of dwelling types, sizes and forms of tenure.

- 1.25.5** In City expansion areas, specific plans shall incorporate opportunities for individuals or small groups, other than the specific plan developer, to build homes or create personalized living environments suited to individuals, families, small groups or to accommodate those with special needs.

Program

- 1.25.6** Review City regulations and revise as needed to implement mixed-variety and tenure policies.

Goal 1.26: Housing Production. Construct new housing to fulfill the needs of, first, City residents, and second, those who work in the City and who would like to live there.

Policies

- 1.26.1** Consistent with the growth management portion of its Land Use Element and the availability of adequate resources, the City will plan to accommodate up to 1,216 dwelling units between June 1994 and June 1999, and to amend the Residential Growth Management Regulations to exempt the production of new dwellings affordable to very-low and low income households.

- 1.26.2** To add to the City's residential land base, the City will encourage the production of infill housing above compatible street-level commercial uses in various commercial zones.

- 1.26.3** New large Downtown commercial projects should include housing.

- 1.26.4** Encourage new and creative uses of existing structures for residential purposes.

- 1.26.5** If City services must be rationed to new development, residential projects will be given priority over nonresidential projects.

- 1.26.6** The costs to the City of housing development will be minimized and equitably distributed. The City will not make new housing more affordable by shifting costs to existing residents.

Programs

- 1.26.7** The City will amend its Residential Growth Management regulations to exempt the production of housing which meets the City's affordability criteria for very-low and low income households.

- 1.26.8** The City will consider applying the mixed-use zone citywide to the C-N (Neighborhood Commercial) Zone to require residential development above street level as new neighborhood commercial facilities are developed.
- 1.26.9** The City will amend its regulations to require that some new housing be provided in new multi-story commercial buildings in the Downtown Core Area (as described in the Land Use Element). Parking regulations may be modified, if necessary to make this use feasible. The housing use should require no separate level of review beyond that required for the project of which it is a part.
- 1.26.10** For major residential expansion areas, the City will adopt specific plans. These plans will include sufficient R-4 zoned land to meet the City's regional housing need for dwellings affordable to very-low and low income households. These plans will include sites suitable for subsidized rental housing and affordable rental and owner-occupied housing. Such sites shall be integrated within neighborhoods of market rate housing and shall be architecturally compatible with the neighborhood.
- The specific plans will designate sufficient areas at appropriate densities to accommodate the types of dwellings which would be affordable in the proportions called for by this Element. Also, the specific plans will include programs to assure that the affordable dwellings will actually be produced. The sequence of development of the major residential expansion areas will be determined based on the affordability of dwellings and other public benefits, primarily open space. The area committing to development the largest number of dwellings affordable to very-low, low-, or moderate-income households would be developed first, with open space dedication or other public benefits used to determine the order if two or more areas offer substantially the same housing affordability.
- 1.26.11** The Edna-Islay Specific Plan guides development of 446 acres in the southern portion of the City. Adopted in 1983, the plan includes only low-and medium-density housing. About two-thirds of the area has been developed. By amending the specific plan to include a mix of residential zoning that approximates the mix of residential densities citywide, additional housing units are possible in the Edna-Islay specific planning area. The City should initiate amendments to designate a portion of the specific planning area for medium-high density housing.
- 1.26.12** The City will adopt and adhere to policies which provide that, if public services -- including water and sewage treatment -- must be rationed to new development, residential projects will be given priority over nonresidential projects and affordable projects will be given priority over market-rate projects.

Goal 1.27: Neighborhood Quality. Preserve the quality of existing neighborhoods and allow development in a manner that creates neighborhoods of high quality.

Policies

- 1.27.1** Within established neighborhoods, new residential development must be of a character, size, density, and quality that preserves the City's neighborhoods and maintains the quality of life for existing and future residents.
- 1.27.2** Within established neighborhoods, infill housing should be located on appropriate sites, but not on sites designated in the General Plan for parks, open space, or similar uses of neighborhood importance.
- 1.27.3** Within City expansion areas, new residential development should be planned so that it either becomes an integral part of an existing neighborhood or establishes a new neighborhood.
- 1.27.4** The creation of walled-off residential enclaves, or of separate, unconnected tracts, is discouraged because physical separations prevent formation of functioning neighborhoods. Noise walls may be permissible where it can be demonstrated that no other effective mitigation techniques are available or feasible.
- 1.27.5** Housing shall be designed to enhance safety along neighborhood streets and in other public areas.
- 1.27.6** The City will encourage residents to play a larger role in supporting and improving neighborhoods and in addressing housing issues.

Programs

- 1.27.7** The City will establish procedures to encourage neighborhood involvement in the planning and development review processes.
- 1.27.8** Where necessary, the City will identify specific neighborhood needs, problems, trends, and opportunities for improvement. City departments will designate staff to work directly with neighborhood groups and individuals.
- 1.27.9** The City will help fund neighborhood improvements where necessary to public health, safety or welfare.

- 1.27.10 Revise planning standards to require that all housing in new neighborhoods and infill projects in existing neighborhoods provide visibility of streets and public areas.
- 1.27.11 Review City regulations and revise as needed to implement neighborhood quality policies.

Goal 1.28: Special Housing Needs. Encourage the creation and maintenance of housing for those with special housing needs.

Policies

- 1.28.1 The City will encourage housing that meets the special needs of families with children, single parents, disabled persons, those desiring congregate or co-housing lifestyles, the elderly, students, and the homeless.
- 1.28.2 The City will support preservation of existing mobile home parks and support changes in form of tenure only if such changes provide mobile home residents with greater long-term security. The City will identify sites in City expansion areas suitable for new mobile home parks.
- 1.28.3 Encourage development and strengthening of housing programs for Cal Poly University and Cuesta College students and faculty to lessen pressure on City housing supply and transportation systems, consistent with the Cal Poly Student Housing Needs Study recommendations.
- 1.28.4 Fraternities and sororities should be located on the Cal Poly University campus. Until that is possible, they should be concentrated in high-density residential zones adjacent to the campus rather than dispersed throughout the City.
- 1.28.5 Special needs living facilities should be scattered throughout the City rather than concentrated in one district.

Programs

- 1.28.6 The City will support local and regional solutions to meeting needs of homeless persons, and will continue to support, jointly with other agencies, shelters for the homeless and for displaced women and children.
- 1.28.7 The City will continue its mobile home rent control program to moderate mobile home rent increases.

- 1.28.8** The City will identify sites in expansion area specific plans for tenant-owned mobile-home parks, cooperative housing, manufactured housing or for other types of special needs housing.
- 1.28.9** The City will advocate developing non-dormitory housing on the Cal Poly University campus and refurbishing existing campus housing and its associated programs to make campus living more attractive.
- 1.28.10** The City will work with Cal Poly University Administration to secure designation of on-campus fraternity/sorority living groups. In the shorter run, City policy on in-City locations suitable for fraternities and sororities will be refined. Zoning regulations will be revised to restrict the locations of new fraternities and sororities to high density residential zones adjacent to campus, and to discourage their expansion in other neighborhoods.
- 1.28.11** The City will jointly develop and adopt a student housing plan and "good neighbor program" with Cal Poly University and City residents. Purposes of the program are to improve communication and cooperation between the City and Cal Poly, set student housing objectives, and to establish clear, effective standards for student housing in residential neighborhoods.

Goal 1.29: Energy and Water Conservation. Produce housing that is economical to occupy because it incorporates energy-saving and water-saving features.

Policies

- 1.29.1** In order to promote energy conservation and a clean environment, the City will encourage development of dwellings with energy efficient design, utilizing passive and active solar features, and the use of energy saving techniques that exceed the minimums prescribed by State law.
- 1.29.2** In order to lessen the need for capital intensive water source development which could considerably increase the cost of housing, the City will vigorously promote conservation as an alternative.

Programs

- 1.29.3** Educate planning and building staff and citizen review bodies in energy conservation issues, including the City's Energy Conservation Element, and direct that they work with applicants to achieve the City's energy conserving housing goals.
- 1.29.4** Expand the current solar hot water requirements to cover new apartments and houses

as well as condominiums.

- 1.29.5 Assemble a blue ribbon committee of energy experts to advise the City on cost-effective approaches to increasing residential energy conservation for both new and existing housing units. Disseminate this information to the public, and incorporate its key features into City energy conservation policy.
- 1.29.6 Evaluate present solar siting and access regulations to ascertain if they provide assurance of long-term solar access, and revise the regulations if they are found inadequate.
- 1.29.7 Continue, and expand, the City's subsidized plumbing retrofit program until all existing dwellings have been retrofitted.
- 1.29.8 Make water conserving landscape education and retrofit a priority coequal with plumbing retrofits.

1.30 Housing Goals, Policies and Programs, continued.

Goal 1.30: Demand Management. Moderate the growth of external housing demand to maximize housing opportunities for those who live or work in the City.

Policies

- 1.30.1 The City will discourage activities which aggravate the imbalance between residential and employment opportunities among the communities in the housing market area.
- 1.30.2 The City will minimize expansion of housing demand caused by commercial and industrial development.
- 1.30.3 The City will seek to minimize expansion of housing demand and escalation of housing costs due to persons being enticed to move from other areas.
- 1.30.4 The City will seek to minimize growth of housing demand from Cal Poly University expansion, and from other governmental institution expansion.

Programs

- 1.30.5 The City will require an analysis to determine impacts on housing demand, cost and supply as part of any proposals to designate additional land for commercial or industrial use.

- 1.30.6** The City will work with the County of San Luis Obispo to discourage significant expansion of employment in the unincorporated airport area south of the City, pending annexation to the City.
- 1.30.7** The City will request developers of housing projects to promote their projects only within the housing market area (San Luis Obispo County).
- 1.30.8** To the extent legally permissible, make City promotional practices, economic development efforts, and other City actions consistent with the policy of not enticing persons from elsewhere to move here.
- 1.30.9** Advocate the establishment of a linkage between enrollment growth and the expansion of campus housing programs at Cal Poly University and Cuesta College to reduce pressure on the City's housing supply.
- 1.30.10** Advocate no further expansion of State institutions such as the California Men's Colony unless the State makes adequate provisions for providing additional housing for new employees.
- 1.30.11** The City will consider amending its growth management regulations to address non-residential growth as a method for moderating the long-term demand for housing.

Goal 1.3l: Suitability. Develop and retain housing on sites that are suitable for that purpose.

Policies

- 1.31.1** Where property is equally suited for commercial or residential uses, the City will give preference to residential use. Changes in land use designation from residential to non-residential will be discouraged.
- 1.31.2** The City should not permit development of housing on a site if development conflicts with goals or policies of this Element, other General Plan Elements, or with other community goals.
- 1.31.3** The City should prevent new housing development on sites that should be preserved for open space or parks, or on sites subject to natural hazards or unacceptable manmade hazards.
- 1.31.4** The City should discourage redevelopment of sites where the existing sound or rehabilitable housing is well suited to the needs of low income households or special needs households, such as families with children, the elderly, or disabled persons,

unless an equivalent number of new units comparable in affordability and amenities to those being removed are created as part of the new project.

Program

- 1.31.5** The City will adopt regulations to prevent new housing development on sites that should be preserved as open space, and on sites subject to natural hazards like geological or flood hazards, or wild fire hazards. The City should also adopt regulations to prevent new housing development on sites subject to unacceptable levels of manmade hazards or nuisances, including severe soil contamination, airport noise or hazard, traffic noise or hazard, odors, or incompatible neighboring uses.

1.40 Public Participation

Adoption of this Element involved extensive public review. It was prepared by City planning staff with the guidance of the City's seven-member Planning Commission, the lead City commission on land use and planning, and the City Council. Community groups with interests or expertise in housing, such as neighborhood groups, students, housing agencies, developers, architects, and lenders reviewed the housing element update and suggested policies and programs.

This Housing Element is the result of approximately three and one-half years of public review, including two public workshops and twelve public hearings held between December 1991 and May 1994. In May 1992, the Planning Commission completed its review of the Public Hearing Draft Housing Element and forwarded the draft to the City Council with recommended changes. The draft Housing Element was then revised several times in 1993 and 1994 to incorporate additional Planning Commission and City Council changes, and to address comments from the State Department of Housing and Community Development (HCD). This Element was finally adopted at a public hearing on September 20, 1994.

II. BACKGROUND DATA/HOUSING LAW REQUIREMENTS

2.00 Population and Housing Need

The City's estimated population is 43,704 (California Department of Finance, January 1994). Between 1980 and 1990 the City grew by 7,706 persons, an increase of 22 percent. The City's average annual population growth during this period was 2.2 percent -- slightly less than the statewide average of 2.53 percent, and less than the County's average annual growth rate of 3.97 percent. Analysis of U.S. Census data and State Department of Finance population estimates indicates that population growth in the City has been primarily due to net migration to the housing market area. City residents comprise about 19 percent of the County's total population. The Draft Land Use Element (LUE), expected to be in effect during the term of this Housing Element, would accommodate an eventual City population of 58,200. At a one percent annual average growth rate, the City's anticipated residential capacity would be filled by the year 2023.

During the 1980s, the City's annual population growth rate averaged a little over two percent, while the job growth rate was about three percent. In 1991, the City population was stable or declined slightly. During 1980s, the County's population grew at about 3.5 percent annually, while the job growth rate averaged about 3.8 percent. In 1991, the overall County population increased about 2 percent.

Recent San Luis Obispo Council of Governments projections show the County's population as a whole growing at a little more than one percent annually between 1990 and 2020. State officials predict that the State's population growth rate will average about 1.4 percent annually from 1990 to 2020, while Federal officials have projected a growth rate of about 0.7 percent nationwide during the same period. The City's goal is to accommodate a growth rate slightly higher than 1 percent, consistent with State projections.

Housing demand is primarily affected by household formation and net migration to the housing market area, which in turn are influenced by employment and enrollment changes. Based on Land Use Element policies regarding economic and institutional growth, the City anticipates adding about 1200 dwellings -- an annual housing growth rate averaging just over one 1 percent during the period covered by this Element.

2.10 Relationship of the General Plan to Housing

The General Plan provides for a one percent annual growth rate from 1990 through 2023, when the City is expected to reach a buildout population of 57,700 persons, and a total housing stock of 24,300 dwellings. The Residential Growth Management Regulations implement the City's long range goal to maintain a steady and environmentally sustainable residential growth rate. The regulations allow a construction rate averaging about 185 dwelling units per year for moderate-

and above moderate income households from July 1994 through June 1999. Certain types of housing are exempt from the City's residential growth limits, and are not now constrained by the one percent growth limit: projects consisting of one or two dwellings, group quarters for five or fewer persons, replacement housing, remodeling or additions, hotels and motels, and projects which include their own growth management provisions under a specific plan or planned unit development. Policies and programs in this Element also exempt housing affordable to very-low and low income households from growth management limits.

Between January 1991 and July 1994, the City's housing stock grew by 161 dwelling units. From July 1994 through June 1999, General Plan policies will allow the construction of about 925 dwelling units, plus an estimated 136 dwelling units of replacement housing, plus an estimated 200 units qualifying affordable housing for a total of about 1,420 new dwellings during the 8 1/2 year period covered by the Regional Housing Needs Allocation Plan (RHNA) -- about 3,700 fewer dwellings than the regional housing need allocated to the City.

This housing growth projection is based on the following assumptions: limited growth projection which reflects the General Plan policy target of one percent annual average population growth, a vacancy rate of five percent, and an average household size of 2.429 persons. The growth scenario also assumes that housing production will be constrained during the period due to limited water resources.

2.20 Housing Characteristics

Amount and Rate of Growth

The 1990 U.S. Census counted 17,877 housing units in the City, with a vacancy rate of 5.5 percent. The housing stock grew by 3,500 units between 1980 and 1990, an average annual increase of 350 dwellings, or 2.42 percent. The population growth was slightly lower (2.25 percent), but the number of persons per occupied unit remained unchanged because of an increase in the percentage of vacant units. Housing distribution data for 1992, the most recent year data are available, are shown in Table 2.

During the last decade, an average of 350 new dwellings have been built each year and about 20 have been lost each year due to fire, demolition, or conversion to another use. The annual rate of building has generally followed cycles in the national economy. Slightly more than one-half of all new dwellings have been in multi-family projects (apartments and condominiums).

Table 2
Housing Types Within The
Urban Reserve, 1992

Housing Type	Total Units	# Units Occupied	# Units Vacant	Percent Vacant
Single-Family	8,992	8,562	430	4.8 ³
Multi-Family ¹	10,158	9,592	566	5.6 ³
TOTAL	19,150²	18,154	996	5.2⁴

¹Includes mobile homes and some condominiums which are considered to be single-family dwellings by the Department of Finance.

²Includes 983 dwelling units (including an equivalency for group housing) outside the City limit but within the urban reserve line.

³U.S. Census, 1990.

⁴Average vacancy, California Department of Finance, 1992.

In 1986, for example, permits were issued for 432 dwelling units, with a building valuation of over \$56 million. During that time, fewer development restrictions and lower land and construction costs favored higher construction rates. The effects of the drought and the City exceeding its safe water yield had not yet been felt, so water was not a limiting factor. The City's Residential Growth Management Regulations were modified and temporarily suspended to accommodate the building surge. Financing was readily available, and the national economy had not yet shown the effects of recession.

Housing Types and Tenure

San Luis Obispo's existing housing stock includes a wide range of dwellings from "Victorian" style single-family houses near downtown to large, high-density apartment complexes. Most of the City's neighborhoods contain a variety of single-family and multi-family housing. Over one-half (53 percent) of the City's households rent. This figure does not include mobile home owners who rent their spaces. This is significantly higher than County and State averages. The percentage of City renter households has increased since 1980, while the State percentage decreased. Also, the percentage of detached units occupied by renters is higher in the City than in the State (32 percent versus 20 percent), and is higher than it was in the City in 1980 (27 percent). Table 3 compares housing tenure among the City, County, and State of California.

Table 3
**Comparison of Housing Tenure, City and County of
San Luis Obispo, and State of California, 1990.**

Jurisdiction	Renter-Occupied Units		Owner-Occupied Units		Total Units
	# of Units	% of Total	# of Units	% of Total	
City of SLO	9,481	53	8,396	47	17,877
County of SLO	32,246	36	57,594	64	90,200
California	4,606,307	41	6,576,575	59	11,182,882

Household Income

San Luis Obispo households tend to have lower incomes and pay a larger portion of their income for mortgage or rent costs than San Luis Obispo County residents as a whole. Moreover, median household incomes in the City have declined since 1979, relative to median household incomes in the County. In 1979, the City's median household income was \$13,074, or about 87 percent of the countywide median. In 1989, the City's median family income was \$25,982, or about 83 percent of the County median household income. Another income measure is per capita income. In 1989, the per capita income in the City was \$14,760, compared with a per capita income in the County of \$15,237. For the same year, the per capita income for California residents as a whole was \$16,409.

According to the 1990 U.S. Census, 11,140 City residents lived "below poverty" levels, or about 27 percent of the total City population. By comparison, about 12 percent of the County's total population was classified as living below poverty level. The statewide percentage of "below poverty" residents was also about 12 percent.

Table 4 shows the estimated number of households in the City of San Luis Obispo, based on State income categories: Very low income = household income is less than 50 percent of the county median income (SLO County median income, family of 4 = \$40,900); Low income = household income is between 50 and 80 percent of the County median income; Moderate income = household income is between 80 and 120 percent of the County median income; and Above moderate income = household income is greater than 120 percent of the County median income.

Table 4
Projected Households by Income Group, 1991 - 1997

Income Group	January 1991		July 1997	
	Households	% of Total	Households	% of Total
Very Low	5,318	31	6,538	30
Other Low	3,088	18	3,839	18
Moderate	2,916	17	3,901	18
Above Mod.	5,833	34	7,568	34
TOTAL	17,155	100	21,846	100

(Source: San Luis Obispo Area Coordinating Council, November 1991)

Housing Cost

The average cost of both rental and owner-occupied housing is higher in San Luis Obispo than in most of the surrounding communities. The 1990 Census indicates the median contract rent is \$546, compared with \$510 countywide, and \$561 statewide. According to the 1990 Census, the median value for owner-occupied homes in the City was \$241,100, compared with \$215,300 countywide. These figures are notably higher than the 1990 State median home value of \$195,500 and the national median home value of \$79,100.

Although the total price of a home is an important indicator of affordability, the primary affordability determinant is the monthly payment. Lenders typically require homebuyers to demonstrate that the total monthly loan payment, consisting of loan principal, interest, taxes, and insurance will not exceed 30 percent of gross monthly household income. Table 5 compares the monthly median income and median housing costs San Luis Obispo City, County, and the State.

2.30 Housing Constraints

Governmental Factors

Land Use Policies

Policies outlined in the Land Use Element prescribe the amount, type, and location of housing. They help establish the prevailing housing pattern and population density. Residential zones account for over 40 percent of total land area within City limits. Dwellings are also allowed in

all commercial zones, except those designated for service commercial/light industrial and manufacturing uses. General Plan policies encourage infill development to avoid sprawl, and also designate major residential expansion areas contiguous to City limits. The policies seek to balance residential development with open space preservation and availability of urban services.

Table 5
**Comparison of Median Household Income and Median Housing Sales Cost
in City and County of SLO, and State of California¹**

Jurisdiction	Median Monthly Housing Cost(\$)	Median Monthly Income (\$)	Percent of Income
City of SLO	1,183	2,165	55
County of SLO	1,053	2,597	41
State	1,077	2,983	36

¹1990 U.S. Census; housing cost includes mortgage plus utilities.

Lot Size

Lot sizes and established neighborhood patterns influence the types of housing in a community. Smaller single lots in residential zones, regardless of allowed density, tend to encourage development of low-density, detached housing. Reducing the minimum lot size is often recommended as a means of increasing housing density and thereby reducing cost. It does not necessarily follow, however, that small lots will result in more affordable housing. There are many coastal resort communities in California with high priced cottages on small lots. In high density residential areas, small lots may encourage the construction of detached, rather than multifamily housing. Large parcels in medium- and high density residential zones offer the best opportunities to encourage affordable housing. Larger parcels in San Luis Obispo, even in low density residential zones, are suitable for apartments and condominiums.

San Luis Obispo allows relatively small lots of 6,000 square feet in all residential zones, and has the second highest residential density of the County's cities (after Grover Beach) with about 4,500 persons per square mile. It remains, however, one of the most expensive housing markets in the County. Clearly, market demand strongly influences housing costs. And while the City's lot pattern has been established in most areas, lot patterns in expansion areas are yet to be established, allowing the opportunity for a mix of residential densities.

Residential growth management

Residential Growth Management regulations adopted in 1982 include a schedule of maximum residential construction rates through 1999. They exempt individually built houses and duplexes, replacement housing (through demolition, relocation, or fire), group quarters of five or fewer persons, hotels and motels, and projects that include their own growth management provisions pursuant to an approved specific plan or planned development. The regulations are intended to provide a steady rate of population growth of about 1 percent per year, while promoting affordable housing close to employment centers and Cal Poly University.

The regulations have not significantly constrained or delayed housing production. They were amended to accommodate a building surge following the 1980 - 1982 recession, and to exempt projects within specific plan areas. In 1987 these regulations were suspended when the City Council adopted the Water Allocation Regulations.

Most of the City's future residential growth will be located in designated expansion areas located outside the 1993 City limits but inside the Urban Reserve Line. Figure 4 shows the location of future residential areas outside the 1994 City limits. City policies require preparation of specific plans for each of the major expansion areas, with provisions for phased housing development. Each area's phasing will be determined, in part, by the affordability of the dwellings, and by other public benefits such as open space. The specific plan area committed to developing the largest number of dwellings affordable to very-low or low-income residents generally will be developed first.

Land use and development standards

Zoning Regulations

Zoning Regulations implement the City's land use policies. The Regulations allow a range of residential densities, from seven dwellings per acre in the R-1 Zone to 24 two-bedroom units per acre in the R-4 Zone, and up to a maximum density of 36 two-bedroom units per acre in the C-C (Central Commercial) Zone. Parking and setback requirements, height and coverage limits allow the maximum densities, except on small, oddly-shaped and sloping sites. The regulations apply equally to mobile homes, manufactured and site-built housing. Allowed residential densities by zone are listed in Table 6.

Zoning Regulations allow property owners to provide modest, affordable units such as attached accessory apartments, or "granny flats", in any residential zone. Also, several exception or variance procedures and the "planned development" and "specific plan" zones allow flexibility in site planning and building design to encourage the development of housing for special need groups, and to provide density bonuses for projects which include affordable housing which meets or exceeds City standards.

Code Enforcement

Code enforcement focuses mainly on Zoning or Building Code violations which adversely affect public health or safety. The code enforcement program includes education, mitigation, and prosecution components. Since its November 1989 beginning, the Neighborhood Improvement Program has resolved over 1,200 complaints, and worked with tenant and landlord groups to: 1) explain City standards for safe and sound housing, and 2) explain the process for correcting code violations and unsafe housing conditions. Of these enforcement actions, less than 1% actually resulted in displacing the current occupant.

The program is complaint driven, and handles over 300 cases per year. Once a problem is identified, a building inspector makes a preliminary site visit and inspects site conditions. If the problem is minor, the inspector issues a code correction notice to resolve the issue. More complicated cases are handled with the City Attorney's office and are set for abatement proceedings, or in some cases, criminal prosecution.

In recent years, complaints about neighborhood overcrowding and illegal construction have accounted for the majority of City enforcement cases. The illegal conversion of garages, sheds, attics, etc. to habitable space have contributed to substandard housing, parking violations, property maintenance complaints and other housing concerns. The City notifies property owners in writing of specific conditions that must be addressed, and provides clear direction on how to correct the violation. City staff works with property owners to determine if the illegal construction can be upgraded and remain, or what steps are necessary to remove any illegal or unsafe construction.

Subdivision and Grading Regulations

The Subdivision Regulations determine how land is subdivided, and set requirements for facilities such as public streets and utility lines which serve the new subdivisions. Specific requirements for materials and construction techniques are adopted as policy by the City as recommended by the City Engineer. Special limits and requirements are often set by the City Council in approving individual subdivisions. The minimum lot size in residential zones is 6,000 square feet, with minimum widths of 50 or 60 feet; however exceptions to lot size and dimensions are possible with City Council approval. As a special type of attached, ownership housing, the Condominium Regulations set minimum standards for open-space, recreation, laundry facilities, solar heating, and storage which are higher than those applied to rental housing.

The City's Grading Regulations set limits and procedures for earth-moving, generally to prevent mass recontouring and erosion and to assure stable building sites.

Table 6
Allowed Residential Density By Zone

Zone	Description	Maximum Allowed Density, Density Units/Net Acre ¹	Expected Density/Net Acre, ²
C-C	Central Commercial	36	36
C-N	Neighborhood Commercial	12	3
C-R	Retail Commercial	36	27
C-T	Tourist Commercial	12	3
C/OS	Conservation/Open Space	1 dwelling/5 acres	0.11
O	Office	12	3
R-1	Low Density Residential	7	5
R-2	Medium-Density Residential	12	10.5
R-3	Medium-High Density Residential	18	15
R-4	High Density Residential	24	24.5

¹Net acre refers to site area minus dedicated right-of-way.

²Expected density in non-residential zones based on a limited number of previous projects.

Construction Codes

San Luis Obispo's construction codes are, with few exceptions, uniform codes enacted by the State legislature and used throughout the State. They set health and safety standards for structures, plumbing, electrical and fire prevention. The cost of meeting State construction codes -- laws intended to make new housing safer, stronger, more energy efficient, and resistive to fire and earthquake hazards -- is ultimately passed on to the housing consumer. In the long term, many building standards can reduce continuing housing costs through lower utility bills and reduced insurance premiums.

In some cases, San Luis Obispo has adopted more stringent construction codes than mandated by the State. Local Building Code amendments that could affect housing cost include the following:

1. Construction in the downtown commercial fire zone must be of 5/8" Type X gypsum wallboard unless the building is provided with an automatic fire extinguishing system throughout. Additional material cost of the wallboard is not significant.
2. Due to expansive soils in the area, residential foundations and slabs must meet more stringent requirements, unless a soils report is provided to show that such upgrades are not needed. The estimated cost for the foundation upgrade is approximately \$2,500 per dwelling.
3. Wood shake and shingle roofing materials are prohibited. Adopted by ordinance in 1983, this law is intended to reduce fire hazards and the potential for loss of life and property from a major fire in the City. The ordinance differs from State and County regulations in that they allow wood-shake roofing which meets a minimum Class-C rating. Additional construction cost, if any, would depend on the builder's choice of roofing material.
4. An automatic fire extinguishing system is required in all new buildings except detached garages of 500 square feet or less. This adds approximately \$2.00 per square foot to residential construction costs, or \$4000 for a new 2000 square foot home. Adopted in 1990, the ordinance requiring fire sprinklers in all residential occupancies is intended to reduce fire hazards to life and property, to allow development where fire-flow, access, or setback deficiencies might otherwise preclude it, and to reduce on-going public costs of fire suppression.

The added cost of fire sprinklers may be offset or recovered in the long-term since:

- 1) Most insurance companies have reduced homeowner fire insurance rates for homes with fire sprinklers.
- 2) Fire sprinklers add value to a home, and all or a portion of the costs can be recovered upon resale.
- 3) During development, additional cost-saving allowances are made for sprinklered buildings (eg. longer distances between fire hydrants serving a development; reduced vehicle access requirements).
- 4) Fire-flow requirements are reduced by 50 percent, allowing the use of existing mains in most cases. This allows infill development where infrastructure deficiencies might have otherwise prevented it.

Installation requirements such as upsizing a water meter and service lateral from the City water main can add \$2000 to \$3000 to fire sprinkler cost. With a typical 13 percent credit

on an insurance premium for a fully fire-sprinklered home, it would take approximately 89 years to amortize the initial cost of fire sprinklers on a new 2000 square foot home. Not all insurance companies recognize residential fire sprinkler systems as a justification for reduced premiums. In adopting more restrictive standards -- fire sprinklers for detached houses, for example -- the City must weigh the added public safety against public and individual costs.

Site improvement requirements

The City may require on- or off-site improvements such as streets, utilities, traffic signals, and landscaping as a condition of use permit, variance, subdivision or other land use approval. Dedication of right-of-way, public transit facilities, easements or access rights may also be required. These improvements add costs which are usually passed on to the housing consumer. This Housing Element includes policies which require the City to consider and minimize costs of imposing additional requirements on housing projects beyond those requirements which are required by State law, or necessary for public health, safety or welfare, and to periodically evaluate requirements to determine if they are necessary to protect the Public's health, safety or welfare.

Non-conforming uses and structures

Some dwellings are subject to premature deterioration and demolition because of their legal, non-conforming status. A legal, nonconforming use or structure is one which was established with permits, but is no longer allowed and could not be replaced under the current Zoning Regulations. Examples include housing as a principal use in a manufacturing zone. Traditionally, lenders and insurance carriers avoid lending or insuring project improvements for such non-conforming dwellings.

An estimated 175 dwellings are considered non-conforming because of their location in the manufacturing or service-commercial zone. Housing Element programs address this issue by encouraging the conservation of non-conforming housing, and through programs which enable low-income homeowners to rehabilitate substandard housing through low-interest loans or grants.

Length of development review

The development review process adds time and cost to building a project. The City's development review procedures are designed to protect public health and safety, to simplify and expedite the review process where possible, and to ensure that new development meets State and local development standards within time limits set by State law. The Permit Streamlining Act requires final City action within three months of adopting a negative declaration or categorical exemption for a project, and within six months of the date a final environmental impact report (EIR) is certified for a project.

For most minor or relatively simple items which are exempt from environmental review such as administrative use permits, minor or incidental architectural review, minor subdivisions, and lot line adjustments, processing time from submittal to final action lasts approximately four to six weeks. In San Luis Obispo, architectural review is required for multi-family projects and residential subdivisions. More complex planning items requiring initial environmental studies such as architectural review of new commercial, industrial and residential projects, conditional use permits and variances (Planning Commission), planned development/rezoning, standard subdivisions typically require eight to twelve weeks. The City's most complex planning items include general plan amendments, large scale rezonings, annexations, Zoning Regulations text amendments, and any development project that requires an EIR can take six months or longer from filing an application to final City action. Development review procedures such as public notice and hearings, and environmental review are mandated by State law and also add to the time needed to approve new housing projects. In 1994, the City is revising its zoning and subdivision requirements to simplify and speed up development approvals.

Development fees

Application and permit fees

In 1991, the City raised planning, building and engineering fees for new development. These fees were last revised in 1983, and have generally been less than the fees charged in other cities of comparable size and development activity. For most applications, the fees assume full cost recovery for actual City costs to deliver the planning and building services. In the future, development review fees will be updated annually, based on the changes in the Consumer Price Index on October 1st of each year. Housing Element Program 1.22.15 calls for the City to amend its regulations to exempt certain residential projects which include affordability guarantees for very-low and low income households from payment of development review, construction permit, sewer and water hook-up fees. Appendix A lists the current fees for Planning, Building and Engineering services, and includes a 1991 comparison of San Luis Obispo City fees with seven Central Coast communities.

Development impact fees

In 1991, the City Council approved water and wastewater (sewer) development impact fees (Resolution No. 7022). These fees ensure that new development pays its fair share of the cost of constructing the water and sewer facilities necessary to serve it. The impact fees were based solely on the capital costs attributable to new development. There are four specific projects which these fees will assist in funding:

- Salinas Reservoir expansion (water)
- Water treatment plant improvement (water)

- Infiltration and inflow improvements (sewer)
- Wastewater treatment plant improvements (sewer)

Starting in November 1991, fees were applied to both residential and commercial projects. Fees for single family dwellings are:

- \$2,628 for water facilities
- \$2,218 for wastewater facilities

In 1994 the City is considering adoption of traffic and public services impact fees. Implementation of this fee program could begin in 1994 or 1995.

Availability of Utilities

The City is committed to living within its resource constraints, while planning to meet the future resource needs of its citizens. Like much of the State, the City experienced over five years of drought during the late 1980s and early 1990s, resulting in unusually low levels in the City's two reservoirs.

Beginning about 1984, the normal level of City water use exceeded safe yield. During the drought which began in 1987, it became apparent that the City would run out of water if usage continued to exceed safe yield. As a result, the City Council:

- A) accelerated efforts to obtain additional water supplies, including groundwater, which temporarily provided a large share of water supply;
- B) established mandatory conservation for water customers, which dramatically reduced water use; and
- C) adopted rules limiting the amount of development which could occur, based on the relationship between normal water use levels and safe yield.

Although above-normal rainfall in 1992 and 1993 eased drought conditions, 1994 rainfall levels are once again below normal and continued conservation and monitoring of water use are needed until additional water sources are on line.

Residential development requires that adequate roads, drainage, water, sewer, fire protection, and other public services be available. Generally, the developer provides facilities within or next to the development site, while the City is responsible for the facilities which serve a larger area. For example, the City provides arterial streets, a sewer treatment plant and main collection pipes, and water reservoirs, a treatment plant, and main pipes. When an area is subdivided, the subdivider installs local roads and utility lines. Historically, the costs

of extending City services to new development were offset by utility customers and taxpayers. Increasingly, the City is requiring developers to pay for the increased capacity of citywide facilities needed to serve new development. The developer's costs for installing public facilities within a development and for funding citywide facilities are passed on to occupants of the new housing.

Most sites within the City have streets and utility lines nearby, so they can be developed without significant extensions. Expansion areas at the edge of the City will need extensions of services. For each major expansion area a specific plan is required, and for other annexations, a development plan. These plans will address phasing of development and services, subject to availability of additional water sources.

Increased water and sewer service capacity is needed before more housing can be accommodated. The Land Use Element requires that before land is annexed to accommodate new development, the City should adopt a plan for how the necessary public services and utilities will be financed and provided. For major expansion areas, actual development can occur once the City can provide adequate services for the annexed area without reducing the level of services or increasing costs for existing city residents and businesses.

Water

Beginning in about 1984, normal water demand exceeded safe yield of the City's water sources. (Safe yield is the amount of water which can be drawn from a source over the long term, including droughts, without depleting the source.) Demand exceeding safe yield had no immediate effect so long as yearly rainfall was average or above. However, from 1987 through 1991, rainfall and water runoff into the City's two reservoirs were below average. To avoid running out of water, the City:

- Adopted Water Allocation Regulations to ensure that new development does not cause the normal level of water demand (about 7,900 acre-feet per year based on usage over several years prior to the drought) to further exceed safe yield (about 7,700 acre-feet per year). So long as normal demand exceeds safe annual yield, new development must reduce water use in existing development in an amount equal to twice as much water as the new project is expected to use.
- Began conservation programs, including imposition of mandatory conservation with substantial surcharges on water bills for customers who exceeded target water use levels based on certain reductions from previous consumption levels, which resulted in actual water use being about 5,300 acre-feet in 1992;
- Developed groundwater supplies yielding up to 2,000 acre-feet per year in the short term, though only about 500 acre-feet were counted toward safe yield to avoid long-term

overdrafting of groundwater.

The 1994 estimated safe yield will not allow substantial new development. Water Allocation Regulations will allow up to about 500 dwellings to be built by offsetting new water demand through retrofitting existing buildings with water-saving plumbing fixtures.

By early 1993, over 3,000 dwellings and motel units, plus about 70 buildings of other kinds, had been retrofitted, to allow some 150 projects to be built (both residential and nonresidential). This and other retrofitting has probably occurred in about one-third of all facilities where it could be done. If all properties in the City were retrofitted, and two-thirds of the offset credits were earned by residential projects (roughly reflecting the current split between residential and nonresidential water use), a maximum of about 500 new dwellings could be built. Above normal rainfall in 1992 and 1993 reduced the urgency of the drought, but conservation and additional water sources are still needed.

The City's wastewater treatment upgrade, completed in 1994, will provide several hundred acre-feet of reclaimed water for landscape irrigation to offset the use of potable water supplies. Some of this could enable additional housing development.

The City is pursuing two projects in San Luis Obispo County that could increase safe yield:

- About 1,650 acre-feet from raising the Salinas Dam spillway, available no sooner than 1997; and
- Up to 6,600 acre-feet from a pipeline from Nacimiento Reservoir, available no sooner than 2001.

Another option is desalinization. Desalination of seawater was proposed in 1991 when it appeared that the City's reservoirs and groundwater supplies would be depleted during the drought, even at reduced consumption levels. It was seen as a temporary, emergency source only. Due to its cost, energy use, and other environmental concerns, desalinization is not being pursued. In 1992, a majority of San Luis Obispo voters opposed the City's planned participation in the State Water Project. Consequently, the City is no longer pursuing this potential water source. Possible new water sources which the City is actively pursuing are summarized in Table 7.

Table 7
Possible New Water Sources

Source	Date Available (year)	Maximum amount (acre-feet)	Amount for Housing (acre-feet)	Potential Dwellings (number)
Retrofitting	1994 - 1998 (a)	(b)	(b)	500
Reclamation	1995 - 2000 (c)	(d)	(e)	---
Salinas expansion	1997	1,650	550 (g)	2,300 (f)
Nacimiento line	2001	(h)	(h)	(h)

Notes:

- (a) Retrofitting may happen at any time, but the full remaining amount probably can not be done in less than several years.
- (b) The estimated, remaining retrofit potential has been converted to a number of dwellings at the required 2:1 offset ratio; acre-foot amounts are not shown for consistency in accounting for new supplies.
- (c) Reclaimed water will be available in 1994, but several years will be needed to provide distribution facilities to allow its full use.
- (d) Reclaimed water cannot be used for potable uses.
- (e) Amount of reclaimed water available to support development, in combination with other sources, is not known.
- (f) Assumes 0.24 acre-foot per dwelling, on average.
- (g) Assumes that the 1,650 acre-feet are divided half-and-half between (1) development and (2) establishing a "reliability reserve" and compensating for lost yield due to siltation in existing reservoirs; two-thirds of the resulting 825 acre-feet available for development would go to residential projects.
- (h) Amount of Lake Nacimiento water requested would be that quantity needed for buildout plus maintaining reserves, which is not supplied from other sources.

Sewer

The City's current wastewater treatment capacity is 5.1 million gallons per day (mgd). A major upgrade of the wastewater treatment plant was completed in 1994 to meet State water quality standards; however the project did not significantly increase treatment capacity. Treatment capacity can be increased to meet future residential expansion needs by installing additional treatment units.

Availability of Public Services

Police and Fire

Police staffing in San Luis Obispo is below the state average, as measured by the number of sworn officers to resident population. Currently, the City's ratio of sworn officers to population is 1.33 per 1,000 resident population, below the state average of 1.8 per 1,000. The increased need for staff, equipment, and facilities will be met partially through development impact fees and environmental impact mitigation fees imposed at the time of future development. Added costs for these services will, in part, be paid by City residents through increased fees or taxes.

Schools

San Luis Coastal Unified School District's current enrollment is 7,800 (includes eight schools outside SLO City). According to District studies, new residential development generates 0.65 schoolchild per dwelling. In recent years, the District has grown at about 80 students per year. Due to budget constraints and overcrowding at the elementary school level, new dwellings will have serious adverse consequences for school staffing, facilities, and programs in the City alone, not counting additional problems due to enrollment growth in areas outside the City also served by the District, unless the new development adequately mitigates the adverse impacts on school facilities.

Non-governmental factors

Economic conditions

Historically, San Luis Obispo has been buffered from economic downturns due to a relatively large government employment (23 percent), service sector employment (21 percent) and a strong regional retail trade (26 percent). However, a lingering recession exacerbated by five years of below-normal rainfall and high unemployment has affected the local economy and discouraged new housing projects in 1990s. In the City of San Luis Obispo, sales tax revenues dropped between fiscal years 1989-90 and 1990-91. City building activity during 1991 fell 32 percent in total value compared with 1990, and 69 percent compared with 1989.

Housing starts are a key indicator of economic activity in the United States. Typically housing starts are up during a "strong" or expanding economy and down when the economy is "slow." Residential building permit activity has increased in 1993, with 27 permits for new dwellings issued in the City during the first three quarters of 1993 compared with 21 permits during the same period in 1992. Residential construction in the early 1990s remains substantially lower than during the 1980s when an average of 317 building permits for new dwellings were issued yearly. Third quarter economic signs for 1993 project a gradual economic recovery in California. The City's quantified housing objectives are optimistic given current and projected local economic conditions.

Construction cost

Technological advances in home building have increased efficiency and reduced the proportional costs of labor and materials. Nationally, labor and materials accounted for 69 percent of the cost of a new home in 1949. By 1989, that percentage had dropped to 53 percent (National Association of Home Builders). Reduced construction costs have, however, been more than offset by increased land costs.

Table 8
Residential Development Costs as a Percentage of New Housing Cost

Cost Component	Single-Family Detached¹	Single Family Attached²
Land Development (land cost, lot improvements)	20.2%	28.6%
Development Fees	6.5%	14.3%
Construction (labor, materials, overhead)	51.9%	38.4%
Financing	5.9%	7%
Marketing & Sales	6.1%	6.3
Profit	9.4%	5.4
SALES PRICE	100.0%	100.0%

¹Percent costs based on an average 1500 square foot single family residence (Building Industry Association of the Central Coast, September 1993).

²Based on an 85-unit residential condominium, 1200 square foot attached units, 1993.

Construction costs include land development (land costs, utilities and street improvements), construction (labor, materials, and processing/permit fees), financing, and profit.

Construction costs in 1993 for a typical single-family detached home and multi-family dwelling are summarized above in Table 8. According to a Building Industry source, the average cost of typical Type V - wood frame residential construction is \$64.80 per square foot, or about \$121,000 for an 1850 square foot detached house. For apartments, Type V - wood frame construction costs \$65.45 per square foot (Building Standards, July - August 1993).

Land cost

Land cost is the second largest component of the cost of new housing, accounting for over 20 percent of development costs. Because land costs are so high, it is difficult to build affordable housing if the project involves purchasing land at today's prices. In 1992, the cost of a typical single-family detached house lot in San Luis Obispo was estimated by members of the Board of Realtors multiple listing service to be between \$140,000 and \$200,000, depending on its size and location.

Availability and cost of financing

According to local loan officers and private developers, residential construction projects are scrutinized more closely in the early 1990s than they were in the 1980s. Recessionary economic forces, over-construction in some markets, and problems in the savings and loan industry have resulted in bank failures and a depletion of deposit insurance funds.

Consequently, speculative real estate projects now face stiffer qualification requirements. In the past, the typical development loan was made for 80 percent to 85 percent of the project cost. In 1992, the ceiling on development loans is now typically at 70 percent, and developers must document a source of repayment outside the projected value of the project. Financing for housing projects, particularly those targeted for low and very-low income buyers, and for mixed commercial/residential projects is, therefore, more difficult to secure than it was during the 1980s.

In contrast, lenders view loans for market-rate, owner-occupied houses as relatively low risk; hence, mortgage and construction loans for these projects are readily available in all areas of the City for purchase, new construction, and rehabilitation at relatively low interest rates. Interest rates on 30-year fixed rate mortgage loans fluctuated around 9.5 percent during 1990, and dropped to as low as 6.75 percent for 30-year, fixed rate mortgages in 3rd quarter 1993. Interest rates are expected to remain low for some time due to Federal Reserve efforts to encourage an economic recovery.

Although low interest rates in 1993 are making housing more affordable than in recent years, the necessary down payment can pose an insurmountable obstacle -- particularly to first-time

homebuyers. Lenders typically prefer a 20 percent down payment on a mortgage loan. Prospective buyers who might be able to support an 80 percent loan, often do not have the financial resources to make the required down payment. A median priced home in San Luis Obispo costs \$219,200 (SLO Board of Realtors, July 1993), requiring a \$43,840 down payment to get into a new house. Lenders will sometimes loan up to 90 percent of an asking price, but an applicant's credit is much more closely scrutinized, and monthly payments and monthly income requirements are significantly higher.

Design expectations

Housing preferences have changed dramatically in the last generation, as shown by a comparison of tract housing built in town around 1960 and tract housing built today. Detached homes are generally larger and include more built-in features and amenities. Even many attached condominiums, which have become owner-occupied "starter" housing, include more indoor space and amenities than older detached housing.

Those seeking homes today are children of the generation which experienced the greatest increase in real housing buying power, and they often prefer large, detached homes similar to those they were raised in. These expectations are often unrealistic given the high cost of living in California when compared with other states, and the relatively high cost of living in San Luis Obispo compared with other areas. Home buyers moving to San Luis Obispo from urban areas often enjoy higher median incomes and arrive with substantial equity from selling a home. Their buying power, together with the desire for small-City life, has maintained the demand for large, detached homes.

Investment expectations

Investment expectations can also add to the cost of housing. As a nation we put a high value on home ownership. Housing is an investment that can provide a hedge against inflation, and allows homeowners to build substantial equity in a relatively short period of time. Ironically, the favorable tax treatment established to protect home ownership has helped push the cost of housing beyond its value for shelter alone, and created a competitive market for real estate as a financial investment. Home ownership has become an elusive goal for many first-time buyers, as prices increased in response to market expectations. Renters find themselves paying a larger and larger share of their income for housing, as rental properties are resold to a succession of landlords.

Many home owners and owners of rental property benefit from significant tax advantages. In 1994, mortgage interest on loans for both a principal home and a second home is usually deductible for taxpayers, and interest on home equity loans is also usually deductible. In addition, homeowners can defer capital gains resulting from the sale of a house so long as another home is purchased at the same or higher cost, and may extract \$125,000 in capital

gains after the age of 55 without paying any tax. Owners of rental property can deduct expenses such as property taxes, mortgage interest payments, and maintenance costs. Also, since rental property theoretically depreciates in value over time, the owner can deduct part of the property's value each year from his or her taxable income. While depreciation allowances provide an investment benefit for each successive property owner, they also provide a strong incentive to resell a property once the largest share of depreciation has been taken. The new, higher sales price is then offset by increased rents. Sales commissions, typically ranging from four to six percent of the sales price, also affect housing costs.

2.30 COG Regional Housing Need Assessment

San Luis Obispo's share of the region's housing needs, along with that of the other cities and the unincorporated areas, was determined by the San Luis Obispo Area Coordinating Council (COG) as provided under State law and distributed to local governments as the Regional Housing Needs Assessment Plan (RHNA). The City's regional housing need allocation is shown in Table 9, below. RHNA identifies a need for 19,880 new housing units in San Luis Obispo County between January 1991 and July 1997, and 5,128 new housing units in the City -- a 29 percent increase in the City's housing stock and over one-fourth of the County's total projected housing need. State law requires the cities and counties to incorporate this determination of housing need into their housing elements, or show why those needs cannot be accommodated and revise their housing needs accordingly.

Table 9
Regional Housing Needs For the City of San Luis Obispo
As Determined by COG, January 1991 - July 1997

Income Category ¹	Projected Housing Need (dwellings)
Very Low	1,333
Low	820
Moderate	1,077
Above Moderate	1,898
TOTAL	5,128

¹Based on State Income Limits for a family of four.

2.31 Revised Housing Needs

As provided under Article 10.6, Section 65584 of the California Government Code, the City has set housing production targets which differ from the COG regional housing needs. The City's housing targets respond to environmental, fiscal, public services, sewer and water constraints which will preclude the City from achieving the COG's targeted housing needs during the time frame of this Element. Given the region's relatively sluggish economic conditions from 1991 through second quarter 1994, State population projections, and resource constraints, the City has determined that the accommodation of the 5,128 units called for in the RHNA plan is not appropriate nor achievable within the identified time frame, due to the planning factors and constraints discussed previously and below. The City has identified a variety of programs to remove constraints to housing production where possible, however several constraints remain which play a key role in the City's 5-year housing objectives:

- availability of water
- adequacy of public services
- environmental impacts

Constraints to housing construction are discussed in Section 2.32.

During the Housing Element's five-year planning period from June 1994 to June 1999 (which overlaps the RHNA planning period), policies and programs will accommodate a net increase of at least 926 dwelling units. The City's growth management policies now exempt new housing which replaces housing lost through market removals. This element also includes a program which will amend the Residential Growth Management Regulations to exempt housing which is affordable to very-low and low income households from residential growth limits. It is estimated that an additional 40 exempt dwellings will be produced annually which meet affordability standards. When exempt replacement and affordable housing is included, the total number of new dwellings accommodated during this element's five-year planning period is approximately 1,200. Table 10 summarizes projected housing production by income group anticipated for the Housing Element planning period.

For the period covered by the RHNA plan, between January 1991 and July 1997, the Housing and Land Use Elements will enable the City to accommodate at least 1,400 new dwellings, or about 3,700 fewer dwellings than called for in the RHNA Plan.

Within this managed growth target, the City intends to provide residents with high-quality, affordable housing, and to meet regional housing targets in the same percentage allocations by income group as prescribed in the RHNA Plan. To achieve the projected housing construction in Table 10 below, the City intends to encourage housing production by zoning adequate sites for future housing, securing the necessary water resources and sewer capacity

encourage affordable housing where such changes will not conflict with other general plan goals.

Table 10
Projected Housing Construction By Income Group,
June 1994 - June 1999

Household Income Category	Number of New Dwellings to be Constructed	Percent of Total Units Added
Very Low*	286	31
Low*	167	18
Moderate	157	17
Above Moderate	315	34
SUBTOTAL	925	100
1/2% allowance for market removals	91	--
Additional affordable dwelling units @ 40/year	200	--
TOTAL	1,216	--

*Actual number of new dwellings may exceed projections, since new dwellings in this income category are exempt from Residential Growth Management.

2.32 Residential Growth Constraints.

Growth projections assume that adequate resources and public services are available. Housing growth beyond 560 dwellings (number of units which can be built without new water supplies), or above a population of about 45,000 are predicated on successful City efforts to secure additional water supplies to serve growth. City General Plan policies seek to manage residential and commercial growth so that new development occurs in an orderly manner and can be adequately served by utilities and public services like police, fire, schools, parks and recreation, and general government. The City's ability to accommodate additional housing is constrained by:

- **Availability of Water.** The City's combined safe annual yield from reservoirs and groundwater supplies is 7,735 AFY. During recent years, mandatory water conservation

groundwater supplies is 7,735 AFY. During recent years, mandatory water conservation measures have reduced water consumption by as much as 45 percent from peak consumption levels reached in the 1980s. With the return of "normal" supply conditions due to 1992 and 1993 rainfall, per capita water consumption is expected to rise.

Under normal conditions (without mandatory water rationing), City water demand will be approximately 8,400 acre feet per year (AFY), based on water use prior to the water rationing which began in 1988. This level of demand would exceed the City's safe annual yield by available water supply by 665 AFY, or about nine percent. Water savings due to plumbing retrofitting can allow the development of 560 additional dwellings without the development of new water sources. The City is planning to secure additional water supplies. The earliest date that a new water source (Salinas Reservoir Expansion) will be available is January 1997.

- **Public Facilities.** Schools, police and fire services, parks, and general City administration are currently considered marginally adequate to meet current needs (Draft Environmental Impact Report, City of SLO Draft Land Use Element, January 1993). To accommodate additional residential growth under the RHNA plan would require 15 additional firefighting personnel, 19 additional sworn police officers, and approximately 88 additional other full-time City staff; would generate demand for additional 76 acres of neighborhood and district parks; and require additional faculty and classroom space to accommodate 2,364 students, assuming current services are maintained at current levels. The capital costs of meeting these public services needs under the plan would exceed the City's and the school district's financial resources, and result in significant financial hardship and public safety concerns.
- **Environmental Impact.** Significant, unmitigatable adverse impacts to citywide traffic safety and circulation, air quality, agricultural land, and aesthetics will result from accommodating the 5,000+ additional dwellings anticipated in the City's General Plan (Draft Environmental Impact Report, SLO Draft Land Use Element, January 1993). Although not entirely mitigatable, the 25-year planning time frame allows this level of growth to be absorbed by the community with the least possible impact to utilities, public services, and environmental conditions.

Based upon these constraints, it is the City's policy to grow in a sustainable manner during the projected timeframe of the General Plan. The City intends to conserve limited resources to allow steady growth, rather than pursue rapid urban growth over the short-term and then face a sudden lack of resources or public services necessary to support continued growth. Implementing the RHNA number of 5,128 within a 5- to 10-year timeframe would exhaust resources needed to sustain the City's long term growth objectives, and require the City to expand outward onto adjacent agricultural land.

which are not likely to continue, the City has based housing production and population growth rates on the availability of water, public services and facilities, and on environmental effects of growth. City policies and programs will accommodate a sustainable, 1 percent annual population growth rate until the City reaches targeted buildout in 2023 with a total population of 58,200.

The City's residential growth projections assume that past construction rates of very-low and low income housing will more than double due to proposed Housing Element programs which provide incentives to accelerate the production of low-income housing over historic levels. Consequently, the 1 percent growth rate could be exceeded at any time by housing projects with large proportions of units targeted for low and very-low income households, provided that resources and public services were available to serve the new residents.

2.33 Quantified Housing Objectives

As required by law, San Luis Obispo has established quantified objectives for new housing construction, rehabilitation, and conservation. These objectives, representing the maximum number of housing units that are expected to be constructed during the housing element's 5-year planning timeframe, are further broken down by income group (eg. very-low, low-, moderate and above moderate income households). Quantified housing objectives allow the community to evaluate its progress toward meeting key housing needs, to help prioritize funding and planning efforts. Table 11 summarizes the City's quantified housing objectives.

Table 11
Quantified Housing Objectives, 1994 - 1999

Income Level	New Construction ¹	Rehabilitation ²	Conservation ³
Very-Low	381	56	57
Low	317	33	34
Moderate	172	31	--
Above Moderate	347	62	--
Total	1,216	182	91

¹Includes allowance to replace market removals, and affordable housing.

²One percent of City 1993 housing stock (18,216).

³One-half of one percent of City 1993 housing stock.

Table 12 summarizes projected housing construction by source for the Housing Element

Table 12 summarizes projected housing construction by source for the Housing Element planning period, June 1994 to June 1999. The estimated number of affordable units to be built is based in part on past construction trends, and on planned incentives for affordable housing. Dwellings affordable to very-low and low income households are exempt from growth management limits, and could substantially exceed the production targets during the 5-year timeframe of this Element.

Table 12
Projected New Housing Construction By Source, City of San Luis Obispo
June 1994 to June 1999

Source of New Dwelling Units	Number of Dwelling Units
1 % annual increase in new dwelling units. ¹ (5 years @ 185 units per year)	925
0.5% replacement housing construction ² (.005 X 18,216 ³ = 91)	91
Estimated 40 additional affordable housing units annually ⁴ (5 X 40 = 200)	200 ⁵
TOTAL	1,216

¹This number is based on the City's limited capacity to accommodate new residential development during the Element's planning period. A one percent annual increase in the housing stock (average of 185 dwellings annually during the planning period) can be accommodated by existing or planned public services and utilities without significant environmental or financial impacts.

²Based on RHNA plan, SLO Area Coordinating Council.

³Total number of dwellings in City, Department of Finance, January 1992.

⁴Assumes Community Development Block Grant or similar funding available starting in 1994 to subsidize costs of affordable housing construction.

⁵The number of affordable very-low and low income units is unrestricted.

Table 13 summarizes the State income limits in San Luis Obispo County for the various income groups. Income groups include "very low, low, moderate, and above moderate." The California Health and Safety Code defines these terms as follows: moderate income = 120 percent of county median income; low income = 80 percent of county median income; and very low income = 50 percent of county median income.

Table 13
State Income Limits - May 1994
San Luis Obispo County

Income Group	Income Limits ¹
Very Low Income	Income of \$21,150 or less
Low Income	Income between \$21,150 and \$33,850
Moderate Income	Income between \$33,850 and \$50,750
Above Moderate Income	Income above \$50,750
Median Income	\$42,300

¹Annual income for a family of four persons (Source: California Department of Housing and Community Development, New Income Limits, May 1994).

In determining housing need by income group, COG assumes that the fraction of new dwellings for a particular income group should be the same as that income group's fraction of total households in 1990. This same percentage is reflected in the City's projected housing construction, Table 10. To compensate for housing lost through fire, demolition, or conversion, the base housing construction need is increased by 1/2 of one percent, the average rate of market removals in the City between 1985 and 1992.

2.34 Sites available for new housing

Sites available for new housing fall into one of the three categories listed below:

- Residentially zoned land inside City limits that is either vacant, underdeveloped, or developed with a nonconforming use;
- Commercially zoned land inside City limits which is either vacant or developed, and suitable for rezoning and residential or mixed use development because of its size, location, adjacent land uses, and other environmental conditions.
- Vacant land outside City limits, identified in the Land Use Element.

Figure 1 shows vacant infill sites of roughly one-half acre or larger which are zoned for residential use. Figure 2 shows the location of some of the larger, privately owned commercial sites which may be suitable for future residential development. Figure 3 shows

City-owned parcels with residential development potential, based on minimum lot area, compatibility with adjacent uses, and development status. Infill sites like those shown in Figures 1 and 2 might best accommodate housing as part of a mixed-use project. The total estimated new residential capacity of the City is shown in Table 14, and the residential capacity of three sites with potential for mixed residential/commercial uses if they were rezoned to allow residential use is shown in Table 15.

Table 14
Residential Capacity

Category	Potential New Dwelling Units
Vacant Residential Land	995
Rezoned Sites	152
Redevelopment and Intensification (commercial and residential zones)	460
Expansion Areas (outside 1994 City Limits)	2,842
TOTAL	4,449

Vacant residential land in the City

An inventory of vacant, residentially zoned land in the City was prepared in December 1991, and is shown graphically for large residential parcels in Figure 1. The inventory includes two classes of land: (1) that which can be developed before the end of 1999, because it has, or is expected to have, adequate access and utility distribution lines, and (2) land which, due to inadequate access or utilities or other practical considerations, probably could not be developed until after 1999.

Generally, single family houses are built in the R-1 zone, while multifamily dwellings (apartments and condominiums) are built in the R-2, R-3, and R-4 zones. Residentially-zoned vacant land which could be developed before 1999, provided that water and sewer are adequate, could accommodate about 361 houses and about 340 apartments. Land likely to be developed after 1999 could accommodate an additional 277 houses and about 17 apartments.

Table 15
Estimated Residential Capacity,
Rezoned Sites, 1993

Project/Site	Acres	Zone Change	Dwelling Units
TRW	7.00	M-S to R-3-PD	43 ¹
Villa Rosa	8.26	M to R-3-PD	85 ²
Laurel/Orcutt	0.07	C-S to R-4	24 ³
TOTALS	15.33		152

¹(PD 13-93, Ordinance No. 1239, 1993 Series).

²Approved project.

³Approved project for low-income elderly (Source: SLO Community Development Department)

The inventory showed that vacant land which is likely to be developed before 1999 could accommodate at least 588 dwellings for above-moderate-income residents, about 356 dwellings for moderate-income residents, and up to 191 dwellings for low and very-low income residents. (The total of these numbers exceeds the vacant land capacity in Table 14 because some sites could accommodate more than one affordability category.) The inventory classified sites as suitable for assisted rental housing, but did not distinguish between the two lowest income categories.

Comparing the City's land inventory with the COG's assessment of the City's regional housing need, it is apparent that there is not enough vacant land to accommodate an entire allocation in the very-low, low, and moderate income affordability categories. To meet the construction needs estimated by the State, the City would need to add an additional 290 acres of residentially-zoned land, assuming that development in the annexed area continued at the 1992 Citywide average density of 14 dwelling units per residential acre.

The City intends to pre-zone additional R-4 zoned land in residential expansion areas to accommodate its regional need for very-low and low income housing. It is estimated that this will require approximately 88 acres of vacant or underdeveloped R-4, C-C, or C-R zoned land. In 1993, the City had approximately 10 acres of vacant land available in these zones.

Table 16
Residential Capacity Within City Limits,
Residential Zones (no. of dwelling units)

Zone	SFR, 1994-99 ¹	MFR, 1994-99 ²	SFR, After 1999 ³	MFR, After 1999	Total Units
R-1	302	112	277	17	708
R-2	56	51	0	0	107
R-3	3	0	0	0	3
R-4	0	177	0	0	177
TOTALS	361	340	277	17	995

¹Single-Family Residential, available for development, 1994 - 1999.

²Multi-Family Residential, available for development, 1994 - 1999.

³Dwellings which lack street access, infrastructure, or need resubdivision prior to development. Not available for development until after January 1999.

(Source: SLO Community Development Department, 1991)

Expansion Areas outside the City

The most feasible approach to developing affordable housing involves annexing major expansion areas identified in the Land Use Element. These are unincorporated areas which have been designated as suitable for future residential development. The expansion areas' capacities to provide additional housing sites were determined by considering the City's ability to provide urban services to these areas, environmental constraints and the need to protect valuable open space and agricultural resources adjacent to the City for future generations.

The City has adopted policies which provide density bonuses and other incentives for affordable housing in these annexation areas. Annexation is possible at any time; however development is contingent upon the City's obtaining additional water sources. Once sufficient additional water is obtained, residential development within the expansion areas would then be possible. The expansion areas' residential capacity is summarized in Table 17, and their locations are shown in Figure 4.

Table 17
Estimated Housing Capacity in Expansion Areas, 1994

Expansion Area	Dwelling Units
Irish Hills	500
Dalidio	220
Margarita	1,100
Orcutt	500
*Edna-Islay West	362
Stoneridge	60
Minor Areas ¹	100
TOTAL	2,842

¹(Foothill Saddle, Luneta, CDF, Highland, Mirossi, Alrita, Maino, Cal Poly, and other residential areas)

Redevelopment, infill, intensification and mixed uses

Additional housing can be accommodated by replacing or remodelling commercial buildings in residential zones for housing (redevelopment). "Redevelopment" here does not imply any City intent to acquire land or fund new construction, although the City's zoning regulations do encourage replacement of incompatible nonresidential uses with residential uses in the residential zones.

Some housing needs have been met in the City by encouraging (1) development on previously unused residentially zoned sites within the city limits (infill), (2) the addition of more dwellings to a residential property which is not developed to the maximum density allowed by zoning regulations (intensification), and (3) the development of projects which incorporate residences with commercial uses in a commercially zoned area (mixed use). Intensification occurs as older dwellings are replaced by multifamily housing and as units are added to properties which are already developed. Mixed use usually occurs in the form of a dwelling unit on top of a commercial/office use in the same building. All of these options differ from traditional expansion in that annexation of more land is not necessary. This in turn allows the City to maintain a compact, well-defined urban edge and preserve valuable agricultural lands and open space resources, while at the same time providing increased housing opportunities.

The City has experienced a net increase of 295 dwelling units through infill and intensification from 1988 to 1992 -- accounting for about 25 to 30 percent of new dwellings built during this time period. Table 18 shows the distribution of dwelling units by year and type of development.

Table 18
Dwellings Added Through Infill, Intensification
and Mixed Use, 1988 - 1992¹

Year	Infill	Intensification	Mixed Use	Total
1988	9	5	0	14
1989	53	47	1	101
1990	39	24	0	63
1991	44	25	6	75
1992	23	19	0	42
Totals	168	120	7	295

¹Excludes additions, remodels, and conversions. City of San Luis Obispo Community Development Department, 1993.

The Zoning Regulations allow residential uses in the neighborhood-, retail-, central-commercial, and office zones. New housing is rarely developed in such areas, however, for two main reasons: 1) commercial development is perceived as having a higher economic return, and 2) lenders view mixed-use development as financially risky, making it difficult to assemble the necessary financing for a mixed-use project. Nonetheless, changing lifestyles and a growing disillusionment with car-dependent land use patterns have prompted a resurgence of interest in mixed-use development. New housing in commercial zones would most likely be suitable for smaller households, and in the downtown retail area could accommodate subsidized units for the elderly.

The Land Use Element emphasizes mixed-use development, particularly in downtown and in major expansion areas, as a way to provide modest housing close to jobs and services. Staff estimates that 200 additional housing units could be accommodated in the downtown area alone through mixed-uses. The City has added a "mixed-use" designation to its Zoning Regulations. The mixed-use zone allows or requires a mix of residential and non-residential uses to be developed on a site, through procedures more flexible than were previously available. The mixed-use zone is expected to result in more housing being developed in areas now designated primarily for commercial uses.

Accessory apartments

Accessory apartments are a common and relatively inexpensive form of housing that allows households to accommodate extended families, and allows elderly persons to share large homes, or rent small studio apartments attached to a main house. City standards require that either the primary or secondary unit must be owner occupied. Accessory apartments are allowed, subject to use permit approval and architectural review. General requirements, performance standards, and review procedures are outlined in the Zoning Regulations, and closely follow State and City criteria.

Rehabilitation and conservation

The City's housing stock is generally in good condition. 82 percent of the City's housing stock has been built since 1950. Since the early 1970s, significant renovation has occurred in the older, central-area neighborhoods without public assistance. However, a number of single-family houses and apartments require rehabilitation to correct unsightly or unsafe conditions, particularly in medium- and high-density residential zones, and where dwellings are non-conforming uses.

It is estimated that about 180 dwellings (one percent of the housing stock) need substantial rehabilitation based on 1990 U.S. Census data and on 1992 "windshield" surveys done by the City. The surveys show about 46 dwellings, mostly houses, which show outward signs of deterioration (eg. sagging roof or porch, dilapidated exteriors, or unsightly or unsafe site conditions). During the term of this housing element, about one-half of those dwellings now needing rehabilitation are likely to be rehabilitated through private development, about one-quarter will be demolished or relocated outside of the City, and the remaining one-quarter of the substandard units will be rehabilitated or conserved through public assistance.

Commercial sites suitable for residential uses

A number of commercially-zoned parcels have been rezoned to allow residential uses, or are being considered for such use. Table 15 lists three rezoned sites which could accommodate up to 152 additional dwellings. The Planning Commission has also identified vacant and underdeveloped commercial properties which may be suitable for future residential or mixed use development. These sites are shown in Figure 2. Site-specific evaluations are needed to determine the residential capacity of these areas. Each site will need to be evaluated based on environmental conditions, availability of services, current use, land use compatibility, and other variables yet to be defined.

City-owned parcels suitable for housing

City-owned parcels which may be suitable for housing are shown on Figure 3. Many of the sites are located downtown and used for public parking. It is anticipated that approximately 250 additional dwellings could be built on available City-owned land in the downtown, in the C-C zone which allows dwellings above the ground floor at a density of 36 density units per acre.

Sites for manufactured housing

Mobile homes, placed on permanent foundations and located outside mobile home parks, and manufactured (modular) housing are treated the same as conventional site-built housing under the City's zoning, subdivision, and architectural review requirements. Therefore, all the vacant residentially-zoned land identified in Table 19 is available for some type of manufactured housing. Mobile-home parks are allowed by right in all residential zones.

The City has few areas suitable for new, large mobile-home parks or expansion of existing parks. The Edna-Islay specific plan area is the only area within the City which can accommodate a new, large mobile-home park; however future expansion areas could accommodate mobile home parks once they are annexed.

Emergency Shelters and Transitional Housing

In 1994, the only year-around emergency shelter for homeless persons is located in the City of San Luis Obispo, and funded jointly by the City and County of San Luis Obispo, State and Federal grants, and donations. The shelter serves the entire County, and can accommodate only a portion of the County's estimated 1,960 (1990 Survey) homeless men, women and children. Women's shelters in the North County and in the City of San Luis Obispo offer emergency room, board, and services for victims of domestic violence, and churches in Atascadero and the City of San Luis Obispo offer overnight shelter during winter months. Additional homeless facilities are allowed in several zones in the City and in unincorporated County areas.

The City's Zoning Regulations allow emergency shelters in 10 different land use zones, including residential, office, commercial and manufacturing zones, upon approval of a conditional use permit. Transitional housing, or "Residential Care Facility for six or fewer residents" in San Luis Obispo's Zoning Regulations, is treated like a conventional house, and is allowed by right in six zones. Facilities occupied by more than six residents are conditionally allowed with use permit approval in six zones. Consequently, emergency shelters and transitional housing facilities are not significantly constrained by City zoning.

Table 19
Land Use Statistics By Zone¹, May 1993

Zone	Vacant Developable Land ²	Parks, Open Space ³	Developed Land Area ⁴	Total Land Area	No. of Dwellings	Density ⁵
C-C	0.48	0.14	43.43	44.05	129	2.97
C-N	3.71	0.34	48.60	52.65	51	1.05
C-R	1.05	1.37	93.24	95.66	96	1.03
C-S	74.95	4.05	261.17	340.17	149*	0.57
C-T	8.94	0.00	89.77	98.71	62	0.69
C/OS	72.25	493.63	299.01	864.89	32	0.11
M	40.36	4.71	128.34	173.41	29*	0.23
O	1.90	1.43	143.85	147.18	311	2.16
PF	0.00	140.26	265.48	405.74	1	0.00
R-1	274.78	62.80	1,325.50	1,663.08	6,472	4.88
R-2	21.63	1.72	509.94	533.29	4,841	9.49
R-3	10.69	0.10	151.93	162.72	2,240	14.74
R-4	8.12	0.04	159.99	168.15	3,911	24.45
R.O.W.				1,417.67		
TOTALS	518.86	710.59	3,520.25	6,167.37	18,324	---

¹Land area in acres. Figures include the Broad Street Annexation. (City of SLO Community Development Department, June 1993).

²SIC codes 0011, 0014, 0015.

³SIC codes 0012, 0016, 0021 through 0038.

⁴Includes utilities, agriculture and nonconforming or interim uses.

⁵Number of dwellings per acre of developed land area.

*Nonconforming uses.

2.40 Special Housing Needs

Disabled Persons

Persons with mental or physical disabilities often need facilities which are not usually provided in conventional housing. Depending on the disability, accommodations needed range from large residential care facilities (convalescent hospitals) to specially-equipped single-family homes. In 1992 there was a need for seven homes, including six "independent living" homes for emotionally disturbed adults, according to a major provider of this type of care (Transitions, Inc.). The need for group homes for long-term residents is expected to increase at the same rate as the general population.

Convalescent homes provide limited medical care in an institutional setting. They usually accommodate older residents and others who do not need acute medical care but who cannot live independently. San Luis Obispo has two large convalescent homes with a combined capacity of 300. There was a shortage of convalescent accommodations, as shown by a combined waiting list of 25 persons for the two existing homes in November 1991.

Additional convalescent homes are being built elsewhere in the County, but in 1993 there are no plans for any additional homes within the City. Within the City limits, convalescent homes are allowed in six zones, with approval of a use permit. These are the three multi-family zones, as well as the Office, Public Facilities, and Retail Commercial zones. There are three large residential lots (numbers 10, 12, and 15 on Figure 1) and six commercial sites (numbers 1, 2, 5, 6, 10 and 11 on Figure 2) that appear suitable for development of new convalescent homes.

Other adults, who need less medical attention than is provided by a convalescent home, are accommodated by an increasing number of small group homes (discussed below). Persons with multiple or severe disabilities, usually both physical and mental, require group living arrangements where care and supervision can be provided. San Luis Obispo has one large facility with about 90 occupants and one smaller facility for infants and young children. The demand for such accommodations is expected to grow at about the same rate as the overall population. Sites for large facilities of this type are limited, though moderately-sized and smaller facilities could be accommodated in several areas.

Persons with mental or physical disabilities who do not need medical supervision but are not able to live independently can usually be accommodated in large or small group homes. Small residential care facilities typically accommodate between six and twelve persons, and provide beds, meals and 24-hour assistance by caregivers. San Luis Obispo currently has four licensed group homes for long-term residents, to serve persons who are severely emotionally-disturbed, mentally-ill, or physically disabled. These four homes can accommodate up to thirty persons.

Those recovering from alcohol and other drug dependencies and those making the transition from institutional to more independent living benefit from sheltered and supervised accommodations, sometimes called "halfway houses." San Luis Obispo has one rehabilitation residence with about ten occupants. Demand for additional facilities of this type can be met through houses for six or fewer residents and additional medium-sized facilities. Demand for such facilities is expected to grow at about the same rate as the overall population.

Elderly Persons

The percentage of City residents 65 years of age or older increased from 11.5 percent in 1980 to 12.2 percent in 1990. Many elderly persons need regular medical care, special access features, home medical equipment or trained medical care, transportation, and opportunities to socialize. Those with moderate or above-moderate incomes can usually afford accommodations for these needs. However, many elderly citizens have low incomes, many of which are fixed. Elderly persons, who have low incomes and do not own a home, compete for rentals with other small households that may have greater financial resources, or may have potential for greater income in the future. Those low-income elderly persons who do own homes may have difficulty affording property maintenance costs.

Those elderly persons who own their own homes are in relatively good positions financially. Given the high cost of housing in the area, some could sell their homes for a profit and have an adequate budget for a smaller apartment or condominium, or an elder-care facility if needed.

However, seniors on fixed incomes with few assets have a more difficult time securing needed housing. Based on requests to the City's Housing Authority for housing affordable to the elderly, there is a clear need for more subsidized elderly housing in the City. With the aging of the so-called "Baby Boom" generation born in the 1950s, and with longer life expectancies, the need for suitable housing and related services is expected to grow.

The number of elderly citizens with below-moderate incomes is estimated at about 1000 persons, based on 1990 Census figures. There are differences in this age group, however, that affect housing needs of the elderly:

Home ownership: Of those housing units occupied by persons 65 years old or older, 80 percent (2,545) are owner-occupied, and 20 percent are renter-occupied (605). Another way of looking at this information is that 34 percent of the owner-occupied homes in the City are owned by persons over 65 years of age, while this group constitutes only 12.2 percent of the City's population.

Retirement income: Most persons over 65 years of age are retired. This is the time of life when their wage or salary incomes are low, but savings, annuities or other income may be substantial. However, many elderly persons have only their retirement incomes to live on. To estimate the number of elderly persons needing housing assistance, the City contacted local organizations which assist the elderly and examined waiting lists for subsidized housing projects and convalescent facilities. This information is summarized below. The conclusion drawn from these figures is that most elderly persons living in San Luis Obispo are financially able to provide for their own needs. Given the lower percentage of elderly persons within as opposed to outside the City, it may be that some elderly persons have moved from homes here to less-expensive living arrangements elsewhere. It is clear from San Luis Obispo Housing Authority waiting list information that there is an unmet demand for affordable elderly housing.

In September 1991, Adult Protection Services was providing services to 106 low-income elderly households in the City. The Department of Social Services estimates that of the 720 MediCal clients in the San Luis Obispo area, about one-third are low-income elderly households (about 240). Judson Terrace, a subsidized housing project for the elderly with 107 units, has a waiting list of 30 qualified applicants as of November 1991. The Anderson Hotel, with 68 subsidized units for the elderly and disabled, typically has a waiting list of 30 to 50 applicants, all of which may not meet the income limits to qualify for placement.

The Housing Authority also maintains two additional subsidized apartment complexes specifically for the elderly: the Toro Street apartments, with 20 units, and the Park Hotel, with 21 units. These units are always 100 percent occupied. The waiting list maintained by the Housing Authority had reached such a large number a few years ago, that no additional names were added to it. Since then, an estimated 5,000 persons have applied for assistance and were turned away. There is no way to determine how many of the 5,000 were San Luis Obispo residents, or how many of the residents were elderly. To meet some of the need, a 26-unit apartment project is to be developed by the City's Housing Authority, which is to be shared by disabled and elderly residents.

Some elderly persons live in one of the two large retirement homes: the Village, with 112 units (16 of which are subsidized) and Las Brisas, which has 100 units and is marketed to the more affluent elderly. Others are cared for at the two convalescent facilities as noted under the section titled "Disabled Persons," above, or in small residential care homes.

Large households

About ten percent of San Luis Obispo's residents live in "large family" households with five or more persons. The needs of large families are not considered separately from the needs of other households at various income levels, as the City's housing stock contains about 5200 large dwellings (defined by US Census as dwellings with six or more rooms), or 29 percent

of the total number of dwellings, with six or more rooms. Of the City's 16,952 households in 1990, 3,825 households consisted of families. Of these, 765 (20 percent) had five or more persons. By comparison, of San Luis Obispo County's 80,281 households in 1990, 24,424 households consisted of families, and of these, 6902 (28 percent) had five or more persons.

Farmworkers

The demand for farmworker housing in San Luis Obispo does not appear to be significant. Farms in or near San Luis Obispo are small and typically family-operated. A study on farmworker housing prepared by the People's Self-Help Housing Corporation in San Luis Obispo indicates that while there is some need for farmworker housing in the City, the strongest needs for farmworker housing actually are in other nearby agricultural areas such as Cambria, Paso Robles, Shandon, Morro Bay, Los Osos, Arroyo Grande, Nipomo, Oceano, and Grover Beach.

The City of San Luis Obispo is in the central coastal agricultural region of the County, with the highest concentration of intensive agricultural activity located in the Edna Valley, south of the City, which has heavy viticulture production. The study also indicates that the rents in the City of San Luis Obispo are generally too high for the average farmworker family. Based on the 1980 U.S. Census, of the 15,801 persons employed in the City, 481 or three percent work in agriculture or related activities. The 1990 U.S. Census reflects the same percentage of agricultural workers to the total City workforce.

Single-parent families

According to 1990 Census, about 1000 single parent families live in the City. Of those, more than 80 percent are single mothers with children. This group's housing needs are similar to those of the elderly in that affordability, limited income, and access to services are key concerns. Single-parent households have space needs similar to two parent households, but are at a distinct disadvantage in competing for suitable housing with the financial resources of only one adult. Often, the single parent must settle for a small dwelling which does not meet the household's needs, or must spend an inordinately large share of the household's monthly income on housing.

Housing close to employment, schools, and services tends to be more desirable and therefore more expensive. In their search for affordable housing, families are often forced to trade the convenience of proximity for affordability. As the distance between work, school, daycare, and the market is increased, so is the time spent connecting the stops, leaving less time for the family to spend together, a particularly difficult situation for single parent families. The relatively low number of single-parent households in the City (5.5 percent versus 7.4 percent countywide) may reflect the relatively higher housing costs in San Luis Obispo.

One indicator that a growing number of single-parent families is unable to afford adequate housing in San Luis Obispo is the number of single parent families receiving public assistance. In June 1991, 305 City households received Aid to Families with Dependent Children (AFDC). In October 1993, that number had risen to 497 households. It is estimated that two-thirds of those households are single parent families. According to the City/County homeless shelter's staff, more single-parent households are showing up at emergency shelters locally as part of the homeless population.

Homeless persons

San Luis Obispo has long been a stopping point for transients and those seeking seasonal work along the Pacific coast. The nationwide recession which began in the early 1990s has increased the numbers of homeless persons due to increased unemployment and the release of previously institutionalized people. Historically, most homeless persons were young or middle-aged men, often with little education or with alcohol or drug dependencies. In recent years, homelessness in San Luis Obispo has become more visible. Families and better-educated single people with part-time jobs have joined the ranks of traditional homeless.

No formal surveys have been done on the number of homeless persons living in San Luis Obispo. Homeless Shelter staff estimate that a daily average of approximately 180 homeless persons live in the City. Homeless Shelter facilities in the City can accommodate 49 persons per night, with an additional 25 beds provided in local churches during the winter months. A year-round unmet need continues to be for additional emergency shelter space. Local churches have provided emergency shelter and meals on a rotating basis from November through April.

Women-and-children families are staying at homeless and emergency shelters in larger numbers than previously counted. The local women's shelter provided 3,615 shelter nights to women and children from all parts of the County, including 35 families. Six of those families were City residents. Between 30 percent and 40 percent of our local homeless are women and children. The needs of these families differ significantly from those of indigent, single males for whom shelters have traditionally been designed. The Economic Opportunity Commission (EOC), which manages the City's homeless shelter, believes another shelter will be necessary to specifically accommodate homeless women and children.

In fiscal year 1992, the SLO Homeless Shelter provided services to 861 persons who were new to the program (646 men, 147 women, and 68 children). 581 additional persons were served with meals only. A total of 18,077 nights of shelter were provided in FY 1992, and 41,190 meals served. 779 individuals were provided with social services through the Service Center, with 4,435 units of service provided (client contacts for a variety of referral, informational and advocacy purposes).

Students

College students comprise more than one quarter of the City's population, and strongly influence the housing market. Although often grouped into low income categories statistically, many students can spend more on housing than income data suggests because of parent support or larger household sizes. By pooling their housing funds, groups of students can often afford more expensive housing than non-student households. This contributes to higher rents in San Luis Obispo than in other parts of the County.

Student housing preferences sometimes result in competition and conflicts with other segments of the City population. About 2,200 students live on the Cal Poly University campus in dormitories. Student apartment complexes close to Cal Poly University have, in the early 1990s, experienced high vacancy rates, and the number of students living in off-campus dormitories in the City has decreased since 1980. Many students are choosing to share houses in single-family neighborhoods. The presence of students renting houses in neighborhoods sometimes leads to complaints from surrounding property owners due to life-style conflicts and parking, noise and property maintenance concerns.

In 1990, about one-half of Cal Poly University's 18,500 student body -- over 9,000 students -- lived in the City. In Fall 1993, full- and part-time enrollment is 15,446. About 15 percent of the students live on campus. Their lifestyles -- and thus, housing needs -- often differ from those of non-student households. Most Cal Poly students are young adults, have cars, many have part-time jobs, and most have classes anytime from early morning to late at night. To meet these needs, student-oriented housing often includes 1) a larger number of parking spaces in proportion to bedrooms than is required for "traditional" family housing, 2) individual study areas, 3) nearness to Cal Poly or transit, 4) easy access to food services, laundromats, and recreational facilities.

Cal Poly University and Cuesta College students are, on the average, relatively affluent, and many can afford housing that meets their needs. However, large apartment complexes in the City designed specifically for students have begun to experience higher than normal vacancy rates as many students choose instead to live in detached houses. Coming from family homes, many young students prefer the appearance and freedom offered by detached houses, often located in what have been called "single-family neighborhoods." To afford the rent, three or more students often live together and share costs. This means that homes designed to meet the needs of families are now occupied by several adults, and the homes need to meet different needs. Because the homes were not designed to meet student needs or lifestyles, conflicts with the neighborhood sometimes arise. Common complaints are 1) that there are too many cars, 2) that activities, including parties, are taking place late at night, and 3) that the homes and grounds are not well-maintained.

The City and Cal Poly University have jointly conducted a Student Housing Preference Study. The study is intended to help Cal Poly, Cuesta College, and the City encourage or provide the type of housing that students want, and the study's findings may be used to help identify possible housing needs and designs for on- and off-campus student housing.

Fraternities and Sororities

A major area of concern is meeting the housing needs of student fraternities and sororities. "Greek" houses are allowed in Medium-High- and High-Density Residential zones, with a Planning Commission use permit. At present, seventeen fraternities and sororities have use permits for houses within the City Limits, housing approximately 430 students. Approximately 2,500 Cal Poly students belong to sororities or fraternities. Fraternities and sororities often host meetings, rush activities or parties which can have unwelcome effects on neighbors. For example, on-street parking is affected, and noise and traffic levels often increase due to frequent visits by non-residents for fraternal activities.

There are few large sites available that could accommodate a new fraternity or sorority and meet parking and group meeting needs without posing neighborhood conflicts. Conflicts between these organizations and other citizens are common -- partly because there has never been a community plan to guide the University, fraternities and sororities, neighbors, and the City in meeting this need.

For several years, various committees have devoted themselves to creating a "Greek Row" - an area large enough to house all sororities and fraternities in one place. The concept has wide support in the community, but the possible locations all have drawbacks. At this time, the Community Housing Task Force, a group that includes students, members of Cal Poly administration, the Mayor, and other citizens and City staff, meets monthly to work through alternative locations for a Greek Row. Among those alternatives are Cal Poly land, the Hathway neighborhood, and conversion of existing student complexes, like Mustang Village. Rather than allow fraternities and sororities to locate in any R-3 and R-4 zoned site with approval of use permit, the City intends to encourage "Greek housing" on the Cal Poly University campus, or in R-3 and R-4 zones near the campus.

"Shared" households

Many persons are looking for ways to limit the amount of income spent on housing. 1990 U.S. Census figures show that more unrelated adults are sharing houses than ever before. In San Luis Obispo, the percentage of non-family households (households with one or more non-relatives) is 31 percent, up six percent from 1980. In addition to saving money, sharing a house provides the benefits of companionship and support.

In the 1990s there appears to be substantial community interest in shared housing

opportunities such as cooperative or co-housing. Co-housing allows residents to live in their own private spaces, and to share centralized dining, meeting and recreation facilities and services. Co-housing started in Denmark in the 1960s and has been gaining popularity in this country. Some of the obstacles to providing co-housing in the City are availability of sites, public acceptance of and possible need for exceptions to current standards to develop a project. San Luis Obispo encourages a variety of housing types to meet varied lifestyles and needs.

Overpayment

Housing affordability is determined by its cost and by the occupant's income and other sources of purchasing power. All types of housing involve both initial or "move-in" costs and continuing costs, such as rent or mortgage payments and maintenance. Although there is no universally accepted definition of "affordability", it is sometimes described in terms of what proportion of household income should be spent on housing. According to the U.S. Department of Housing and Urban Development (HUD), the California Department of Housing and Community Development (HCD), and many lending institutions, households should spend no more than 30 percent (25 percent for very-low and low income households) of their gross monthly income on housing. It is not uncommon, however, for households to spend more than 30 percent of monthly income for housing. Table 20 compares the percentages of households spending 30% or more of their monthly income on housing in the City, County, and State. These figures show that renters pay a substantially larger share of their income for housing in San Luis Obispo City than do renters in the County or the State.

Table 20
Comparison of Housing Cost As a Percentage of
Gross Monthly Income, City/County/State

Jurisdiction	% Owner-Occupied households paying 30% or more of income for housing ¹	% Renter-occupied households paying 30% or more for housing ²
City of San Luis Obispo	20	62
County of San Luis Obispo	23	49
State of California	24	45

¹Universe: Total number of owner-occupied units, all income levels (1990 U.S. Census).

²Universe: Total number of renter-occupied units, all income levels.

According to the 1990 U.S. Census, 89 percent of renter households in the City earning less than \$20,000 annually are paying 30 percent or more of their income for housing. By comparison, Statewide, only 49 percent of renter households earning less than \$20,000 are paying 30 percent or more of their income for housing.

Among homeowners, overpayment is less prevalent but is still a factor affecting housing opportunities. For example, of homeowners earning less than \$35,000 annually, 31 percent are paying more than 30 percent of their income for housing. Statewide, that figure increases to 44 percent of homeowners who pay 30 percent or more of their annual income for housing.

Overcrowding

Overcrowding has not been a major issue in San Luis Obispo. The U.S. Census defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms). Table 21 compares overcrowding figures for the City and County of San Luis Obispo and the State of California. U.S. Census figures show that City and County overcrowding rates in renter-occupied units are both relatively low when compared with Statewide figures -- ten and 11 percent, respectively, for renter households. By contrast, only about 1 percent of the City's owner-occupied units are overcrowded, compared with three percent in the County of San Luis Obispo. Six percent of owner-occupied units and 20 percent of the renter-occupied dwelling units Statewide are overcrowded.

Another measure of residential occupancy is the number of persons per occupied housing unit. The 1990 U.S. Census shows an average of 2.39 persons per occupied rental housing unit in the City of San Luis Obispo, compared with 2.53 and 2.79 in the County and the State, respectively.

Overcrowding has been a concern with students or other groups of adults sharing housing in low and medium density (R-1 and R-2) residential neighborhoods. Concerns centered on the fact that most detached houses in R-1 and R-2 neighborhoods were not designed to accommodate groups of adults and that high occupancies adversely affect persons living under crowded conditions, reduce neighborhood parking, contribute to noise and privacy conflicts, and can result in an overall reduction in the quality of life for City residents. In response to these concerns, the City Council adopted an ordinance in February of 1990 that requires households with six or more adult occupants in the R-1 and R-2 zones to secure approval of an administrative use permit and meet standards related to parking, floor space per individual, and number of bathrooms.

Equal Housing Opportunity

By State and Federal law, all persons have the right to equal housing opportunity. The

City's Housing Authority offers counseling and referrals for persons with housing complaints and for persons who feel they have been the victims of housing discrimination. Information and referrals are provided free of charge to assist persons with resolving housing complaints, including tenant/landlord disputes, housing discrimination, and access to City housing programs. Public information is available at the City and at the Housing Authority offices in San Luis Obispo on equal housing services and fair housing laws.

Table 21
Comparison of Residential Overcrowding in the
City and County of San Luis Obispo and State of California

Jurisdiction	Percent of Owner-Occupied Dwellings Overcrowded ¹	Percent of Renter-Occupied Dwellings Overcrowded
City of San Luis Obispo	1	10
County of San Luis Obispo	3	11
State of California	6	20

¹Percent of total occupied housing units with 1.01 or more persons per room, Universe: occupied housing units (U.S. 1990 Census).

2.50 Preserving At-risk Housing

State law requires an analysis of subsidized multifamily rental units which are eligible to change to market-rate housing due to termination of a subsidy contract, mortgage prepayment, or expiring use restrictions during the 10-year period prior to 2003. Four properties in the City were included on the U.S. Department of Housing and Urban Development's inventory of at-risk units. Only one of those properties is now at-risk of conversion to market-rate housing due to ownership or contractual changes, as explained below. That property is known as the Monterey Arms.

Dan Law Apartments

The Dan Law Apartments, located at 649 Branch Street, contain 9 units for low income families. In May 1973, the project received a 40 year loan for \$153,000 at 7 percent interest as part of an FHA 236 mortgage subsidy program. This property is no longer at-risk of conversion to market-rate housing. In March 1993, the owner filed a Notice of Intention to

extend low-income affordability provisions, and has been working with HUD to make necessary repairs to the apartments and maintain their status as low-income housing.

Monterey Arms

The Monterey Arms, located at 955 Monterey Street (and also known as the Anderson Hotel), has 68 single-occupancy units available for elderly and disabled tenants. The only use restrictions follow from the Section 8 contract, which limits the income and savings assets of qualifying residents. This was originally a 15-year contract which would have terminated in September 1992. However, the property owners applied for a 5-year extension of the contract, moving the earliest date of conversion to September 1997.

In informal conversations with staff, the owners report they are pleased with the Section 8 Program, and have no intention in the foreseeable future to convert to market rate rental units or to commercial uses. They typically have 30 to 50 people on a waiting list hoping to qualify for units as they become available. The downtown location of these units is ideal for tenants who want to be close to shopping, public transportation, government services, medical care, and community events and entertainment. Because of the project's central location, property owners may be motivated at some future date to convert some or all of the residential units to commercial uses and/or convert subsidized units to market rate units.

The cost of replacing the 68 units in the Monterey Arms is estimated to be \$4.4 million (\$2 million in comparable land cost, plus \$65.00 per square foot for new residential construction). This estimate does not include engineering and architectural fees which could add another 10 to 15 percent on the total replacement cost. Preservation costs are not known, since no physical inspection has been done to determine the building's condition and what improvements would be needed to bring the structure into compliance with State and Federal code requirements. The City has two financing sources which could be used to help preserve the above at-risk units, although these sources alone would not be adequate to preserve all 68 units:

- **Community Development Block Grant Funds** - The City anticipates funding of approximately \$850,000 annually for the next three years, starting in July 1994. HUD requires that at least 70 percent of the funds benefit low- and moderate-income persons and housing is one of the primary activities funded in the First Program Year. A portion of CDBG funds could be allocated for this project in the Second and Third Program Years (July 1995 - June 1997); and
- **HOME funds**, totalling \$878,000 will be available to the Urban County of San Luis Obispo in Fiscal Year 1994. The City of San Luis Obispo is a participating jurisdiction within the Urban County, eligible to apply and compete for HOME funding. As yet, the method of allocating HOME funds is undetermined. A 30 percent local match is required.

Other possible funding sources include:

- **Housing trust funds of the City of San Luis Obispo.** As part of a new inclusionary housing program, the City intends to establish a housing trust fund. Funded in part through the payment of in-lieu housing fees, the fund could be used to assist affordable housing projects, provide financial assistance to qualifying low-income homebuyers, and to install infrastructure serving affordable housing. In 1994, funds are not yet available from this source, and future funding availability will depend largely on the type and rate of residential development in the City.

Preservation Actions

It would be the City's objective to preserve all 68 apartments as affordable housing, within the timeframe of this housing element. Although conversion of the units to market rate housing or offices does not appear likely, the City would consider the following actions to preserve the units for affordable housing:

1. Identify the number, type and location of units to be converted;
2. Secure an independent real estate appraisal of the units;
3. Meet and confer with the property owner and the City's Housing Authority to discuss preservation options;
4. Initiate incentive or acquisition programs to ensure that units remain affordable for the maximum term allowed by law; and
5. Enter into agreements with the property owner, the City's Housing Authority, or non-profit housing agency to secure long-term operation and maintenance as an affordable housing development.

As a general strategy, the City would prefer that property ownership and management of affordable housing units remain in the private sector, where possible. Financial incentives may be available to encourage property owners to renew Section 8 rental assistance or other affordable housing programs. The City's land use and housing policies strongly encourage the retention of affordable housing units. Moreover, conversion of downtown housing, including the Monterey Arms, to non-residential uses requires City Council approval of a housing conversion permit (SLOMC Chapter 17.86). To approve the conversion, the City Council must hold a public hearing and must find that the conversion is consistent with the City's General Plan. As part of any action to approve a housing conversion permit, the Council may establish conditions to protect the health, safety and welfare of tenants displaced by the proposed conversion.

Parkwood Apartments

In 1984, the City Council approved a planned development rezoning to enable construction of

168 units at 1045 Southwood. In 1985, the Council approved an exception to the Growth Management Ordinance to enable the for-profit project to be built in a single phase, with a condition that 20 percent of the project, or 34 units, be reserved for occupancy by low and moderate income tenants. The City also issued multifamily housing revenue bonds in 1985 to assist with construction of the project. As part of the bond financing agreement, 34 units were to remain affordable until April 1997. The Housing Authority monitors compliance with the agreement and matches eligible tenants with available units.

The 34 apartments are no longer at-risk of conversion. In July 1993, the San Luis Obispo City Council approved issuance of bonds by the City's Housing Authority to enable the owners to prepay bonds originally issued to finance the Parkwood Apartments' construction. As a condition of the new bond issuance, the property owner has agreed to continue to lease a minimum of 34 units under the Section 8 assisted rental housing program, or its successor, through the San Luis Obispo Housing Authority until July 1, 2018.

Judson Terrace Homes

This complex of 107 single occupancy units for the elderly, located at 3600 Augusta Street, is not at risk of converting to market rate units. Unlike the other projects discussed in this section, the Judson Terrace Homes complex is operated by a nonprofit organization, American Baptist Homes. The mortgage agreement (FHA 202 Elderly) restricts tenant eligibility on the basis of income and age. These use restrictions will remain in place until November 2010. Forty-three of the units are eligible for additional Section 8 Program subsidies. The nonprofit organization has the option of terminating the Section 8 contract as early as July 31, 1995, or renewing the contract for an additional 5 years.

Judson Terrace Homes has no intention of terminating its Section 8 contract. Some Section 8 residents have been there for as long as 20 years. As of December 1991, there was a waiting list of 30 pre-qualified applicants. The typical wait for a studio apartment is three to six months, and one year for a one bedroom apartment.

2.51 Resources for preserving assisted housing

Community Development Block Grant Program

Starting in July 1994, San Luis Obispo will participate with the County and other incorporated cities in the Urban County Community Development Block Grant (CDBG) program administered by the U.S. Department of Housing and Urban Development (HUD). HUD estimates that the City will be eligible for approximately \$850,000 annually. Of this, \$250,000 is proposed for the acquisition, rehabilitation, or construction of rental housing for very-low and low-income households. An additional \$50,000 is to be used for architectural, engineering, and economic feasibility studies leading to the development of low-income

elderly housing in the downtown area.

HOME Program

The City and Urban County of San Luis Obispo are designated as "participating jurisdictions" under the HOME program, and eligible for a total of about \$875,000 in fiscal year 1994. The availability of local matching funds is undetermined.

HUD Section 8 Certificates and Vouchers

The Housing Authority of the City of San Luis Obispo, which administers the Section 8 Program countywide, has allocations from HUD in 1994 for Section 8 Rental Certificates and Section 8 Rental Vouchers.

Federal Emergency Shelter Grant (FESG) Program

Local agencies are expected to request about \$111,000 from this program in 1994, countywide, to support operation of the San Luis Obispo Homeless Shelter, the Women's Shelter of San Luis Obispo, and the North County Women's Shelter. However the amount of funds available under this program is expected to decrease, so a lesser award amount must be anticipated.

Federal Emergency Management Agency (FEMA) Food & Shelter National Board Program

About \$96,000 was anticipated to be available in FY 1994/95 to assist homeless shelters, emergency services, and rental assistance in the County.

Mortgage Credit Certificate (MCC) Program

The City's Housing Authority has received authorization to assist about 66 families to purchase their homes. Through Federal Income Tax credits, the MCC program enables buyers to afford higher mortgage payments than would otherwise be possible without such assistance. About 20 percent of the homebuyers are expected to be low income.

Housing Trust Fund

The City will establish a housing trust fund to be used to develop affordable housing, provide low-cost loans for low-income households, acquire or write-down land for affordable housing projects, and to fund public improvements like utility extensions or street improvements to serve affordable housing projects. Initial fund amount is estimated at \$250,000, with funds derived from State and Federal funds, in-lieu housing fees, and other housing-related

revenues.

Local Housing Agencies:

San Luis Obispo Housing Authority

The Housing Authority administers the City's low income housing programs and facilities, including the Section 8 rental assistance program. Established by the City Council in 1968, the Housing Authority is a quasi-independent public agency authorized under Section 34200 of the California Health and Safety Code. Governed by a seven-member Commission, the Authority is charged with broad powers to prepare and implement housing programs for low and moderate income persons. The Housing Authority advises the City Council on housing issues and needs, and administers housing programs for seniors, handicapped persons, and low- and moderate-income persons. The Housing Authority affiliate, the SLO Non-Profit Housing Corporation, acquires, develops and manages affordable housing countywide. In 1993, the non-profit is building a 24-unit senior and handicapped development in San Luis Obispo known as Laurel Creek Apartments.

Peoples' Self-Help Housing Corporation

Peoples' Self-Help Housing Corporation (PSHHC) is a local non-profit corporation formed in 1970. PSHHC has developed almost 700 homeownership units, 200 rental housing units, and several thousand rehabilitated housing units. The Corporation currently manages several hundred low-income rental housing units, in addition to on-going programs in housing rehabilitation, rental housing acquisition and construction for low-income persons, and mutual self-help home ownership programs.

2.60 Evaluation of Previous Housing Element Policies

1. New housing construction should keep pace with enrollment and employment growth and help reduce commuting.

Results: Housing production in the City and County has lagged behind enrollment and job growth during this period. Between adoption of the Housing Element in June 1986 and January 1990, the City added 1,624 new housing units, a 10 percent increase in the number of housing units in the City. In San Luis Obispo County, the total number of housing units increased by 11,046 during the same period -- a 14 percent increase. During the same period, enrollment at Cal Poly increased from 16,007 to 18,657, an increase of 17 percent.

As noted in the previous Housing Element, City housing needs have been partially met through housing construction in nearby communities on the coast and in north

and south SLO County. Relatively lower housing costs in Los Osos, Arroyo Grande, Atascadero, Templeton, and Paso Robles as well as individual housing preferences have made these housing markets attractive to some San Luis Obispo workers.

2. The City will encourage replacement of detrimental, nonconforming uses in residential neighborhoods, to provide additional housing and improve neighborhood quality.

Results: During the previous planning period, ten non-conforming uses were replaced with housing. Zoning regulations require that non-conforming uses be converted to conforming uses if they are abandoned for a period of six months or more. Changes of ownership, tenancy, or management do not affect the status of legal, non-conforming uses. Also, regulations allow such uses to be replaced with another non-conforming use upon approval of a conditional use permit. Few non-conforming uses exist in residential areas, however, and those that do exist are rarely abandoned.

3. The City will attempt to accommodate replacement housing for housing types such as mobile homes which may be lost through land-use changes.

Results: Two projects were approved during the planning period which affected mobile homes: a 43-unit condominium project which would replace 23 motel units and about 32 out of 75 existing mobile homes and kitchenette apartments; and the conversion of 237 mobile homes to condominium ownership. Qualifying residents received state-funded loans to help purchase their spaces, and the City co-signed for ten homeowner loans.

4. The City favors development of modest housing for first-time buyers. Due to its relatively low cost, manufactured housing will have a high priority for land within residential expansion areas.

Results: Between 1986 and 1992 the City approved about 100 dwellings which could be considered "modest" or starter housing for San Luis Obispo. These were houses and condominiums, either attached or detached, which sold or rented for less than the median housing cost in SLO County (\$185,000 for 3-bedroom detached, 1991).

5. The City favors development of additional student housing on the Cal Poly campus.

Results: No additional on-campus student housing was developed at Cal Poly during this period.

6. The City will consider annexing land during the planning period of this element, consistent with the City's ability to provide utilities and services, for the development of senior-citizen and affordable housing. Of the total dwellings built on annexed land, at least five percent should be affordable to very-low income households, ten percent should be affordable to other low-income households, and 50 percent should be affordable to moderate-income households.

Results: No residential annexations occurred during the planning period. City General Plan policies adopted in 1977, and strengthened since, discourage annexation until City water and sewer service are adequate to meet the needs of existing and potential customers inside the City, plus those in the area to be annexed.

7. Governmental housing assistance will be available to those area residents who are unable to obtain any type of housing at market rates due to circumstances beyond their control. Housing assistance should not be an incentive for those living outside the housing market to move to San Luis Obispo.

Results: Through its Section 8 rental housing program, the City's Housing Authority helped 7,769 households find housing in San Luis Obispo from 1986 through 1990. Most of these persons already resided in the City or surrounding areas before receiving housing assistance. No governmental assistance was available for below-market home purchases for low- and moderate-income households.

8. Existing housing will be conserved and the displacement of residents will be minimized.

Results: During the planning period, 89 dwellings were lost through demolition and conversion to other uses. The loss of existing housing has been minimal.

9. The total costs of housing development will be minimized and equitably distributed. The City will not make new housing more affordable by shifting costs to existing housing.

Results: Costs to develop housing have increased due, in part, to higher land, material and labor costs; higher school fees; higher interest costs; and more stringent building and fire code requirements. The increased costs have been borne by developers and builders who generally pass these increased costs on to homebuyers. Development costs for City planning approvals, permits, sewer and water hook-up fees, and building inspections have remained relatively low when compared with other cities in the County and State. The City recently increased its development fees to more accurately reflect the actual City costs of providing the services so

that existing residents are not subsidizing new development costs.

10. Housing should be available to all without regard to age, sex, marital status, race or religion.

Results: According to State records, there have been cases of alleged housing discrimination in San Luis Obispo during the planning period. The City was not aware of these instances, nor was it asked to take any action. Housing Authority programs and City policies are available to all persons, regardless of race, age, gender, marital status, or religion.

11. The interests of landlords and tenants will be balanced, realizing that a satisfactory rental housing market requires attention to both.

Results: The City has tried to balance landlord and tenant interests by enforcing zoning and building codes to protect the health and safety of renters; and by approving several rezonings to allow the construction of apartment projects. From 1986 through 1991, the City added 566 multi-family dwellings, and saw vacancy rates decrease from an average of about six percent to five percent. By contrast, average County vacancy rates increased during the same period from about ten percent to eleven percent.

12. The City supports cooperative purchase of mobile home parks and apartments by the occupants who so desire to help minimize costs increases due to resales and to prevent changes to other uses.

Results: The City has approved a conversion of a mobile home park (Chumash Mobile Home Park) to condominium ownership to allow renters to purchase their own spaces. City approvals included measures to prevent tenant displacement and to provide financial assistance to tenants to purchase their spaces. No cooperative purchase of mobile home parks or apartments have been proposed or approved.

13. The City will discourage activities which would aggravate the imbalance between residential and employment opportunities among the communities in the housing market area.

Results: The imbalance between jobs and housing has increased during the planning period, due in large part to continued commercial growth in the City and in adjacent unincorporated areas, plus increased government employment. In addition, the City has approved the development of about 100,000 square feet of new office, commercial and industrial floor space during the planning period. The City has also rezoned about 15 acres of service-commercial/light-industrial

land to residential uses to improve the jobs/housing balance.

2.70 Evaluation of Previous Housing Element Programs

The City successfully achieved five of eleven programs targeted in the previous housing element. For example, the City exceeded its housing production target of 1,600 new dwellings between 1984 and 1990; however it did not reach its goal of producing an average of 18 subsidized rental apartments per year. A total of 25 subsidized rental apartments were produced during this period. Programs dealing with the City's residential expansion areas -- such as allowing large sites for mobile or manufactured homes -- required the preparation of a specific plan. Due to the lack of water supplies to support growth, and due to work on the Land Use Element update, preparation of specific plans was not completed. A specific plan is now being prepared for the Margarita expansion areas.

Previous housing element programs and their results are summarized below.

1. Allow the production of 1,600 new housing units between 1984 and 1990.

Results: During 1984 through 1990, new construction resulted in a net increase of 2,690 dwellings, of which about 1,400 were rental units.

2. Obtain and prepare suitable sites to allow construction of an average of 15 dwelling units per year of subsidized rental housing.

Results: Since the previous housing element was adopted, the City has made available sites for a 21 unit, low-income family rental project which has since been built; and for a 26 unit elderly housing project which is being processed. Both are San Luis Obispo Housing Authority projects.

3. Identify sites in expansion areas for 160 mobile or manufactured dwellings.

Results: The Margarita Area Specific Plan will identify sites for about 1100 dwellings; an early draft included a site for 125 mobile homes. An early 1992 draft included a substantial number of modest-cost dwellings, but no mobile homes. Other specific plans for large expansion areas will include a designated number of affordable dwelling units.

4. Develop about 50 additional dwellings at Cal Poly for low- and moderate-income students.

Results: No dwellings have been built, but a student housing preference study at Cal Poly has been completed which evaluates the need for and feasibility of developing more on-campus student housing.

5. Develop on average 18 units per year of subsidized rental apartments.

Results: Since the Housing Element was last updated, one twenty-unit family rental project was completed by the City's Housing Authority, and a four-unit apartment as part of a remodel to the San Luis Hotel. The City has also approved and helped fund a 54-bed homeless shelter which began operation in 1990.

6. Refer City-owned properties to the Housing Authority for possible use as affordable housing sites.

Results: The Housing Authority has been made aware of all City-owned properties. A site on Orcutt Road has been rezoned for residential use and leased to the Housing Authority for a 26-unit low-income senior citizen housing project.

7. Reuse Community Development Block Grant funds which were repaid from a previous loan program.

Results: The City has reused the funds to assist housing maintenance through below-market housing rehabilitation loans, with an emphasis on seismic upgrades and historic structures.

8. Decide on City participation in mortgage revenue bonds for affordable housing development.

Results: The City participated in the issuance of over \$1.5 million in mortgage revenue bonds for the Parkwood Village Apartments to secure 34 apartments for the San Luis Obispo Housing Authority's Section 8 housing program.

9. Do not impede development of assisted housing through growth management regulations.

Results: Under the Residential Growth Management Ordinance, assisted housing would have received the highest eligibility ranking; however due to exceptions in the regulations, and also due to reduced construction rates, only a few residential permits were delayed by the growth limits. Under the Water Allocation Regulations, affordable housing projects have a special reserve. The water reserve for affordable housing is still available; although due to mandatory water rationing, no allocations for privately-funded affordable housing have been granted.

10. Specific plans for major residential expansion areas will include adequate sites for affordable housing.

Results: The Margarita Area Specific Plan, in progress, includes sites suitable for multi-family rental and condominium housing.

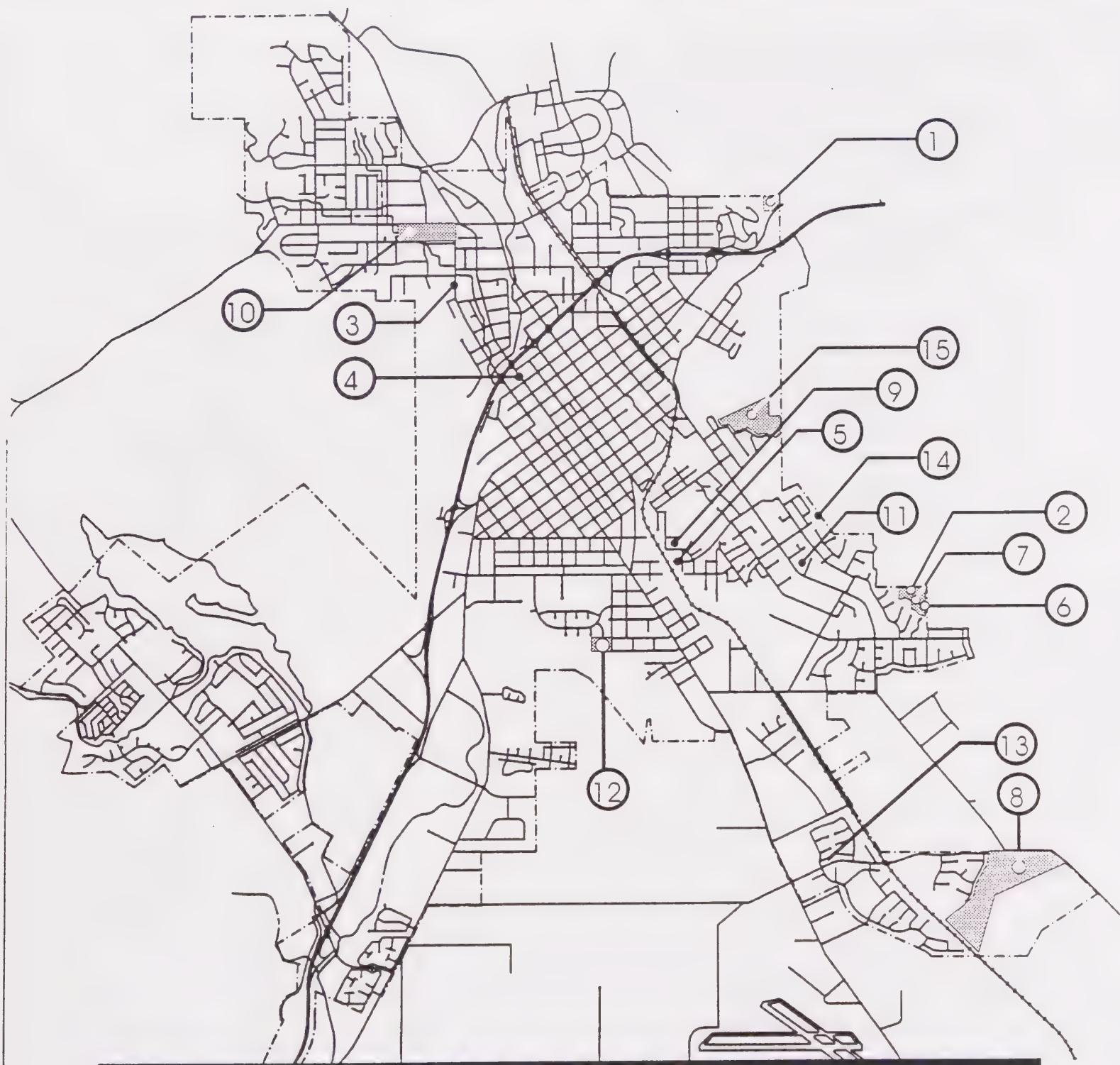
11. Through density bonuses and other incentives, include affordable dwellings in all major housing projects.

Results: One major project, the Edna-Islay Specific Plan, has included a Housing Authority assisted, affordable housing project. Density bonuses have not been used to produce affordable housing.

12. Specific plans for major expansion areas will include adequate sites for affordable housing, and will require the production of certain amounts affordable housing.

Results: No specific plans were adopted since the Housing Element was last updated; however a specific plan for the Margarita expansion area is being prepared in 1993. The City has completed a feasibility study of requiring a certain number of affordable housing units in expansion areas, and as a result of the study, will require affordable housing in expansion areas as part of this Housing Element update.

FIGURE 1



L E G E N D

No.	Address/APN	Acres	Zone	No.	Address/APN	Acres	Zone
1	052-271-007	6.31	R-1-S	8	Edna-Islay Area	64.00	R-1-SP
2	004-751-0010	4.88	R-1-S-2.5	9	2120 Florence Ave.	0.45	R-2
3	159 Broad St.	0.62	R-1	10	651 Foothill Ave.	5.71	R-4
4	626 Broad St.	0.63	R-4	11	2760 Johnson Ave.	0.72	R-1
5	2353 Bushnell Ave.	0.53	R-2-S	12	300 Lawrence Dr.	3.38	R-1
6	1681 Colina Ct.	2.07	R-1-S-3	13	3963/3965 Poinsettia St.	2.00	R-1-SP
7	1691 Colina Ct.	1.03	R-1-S-1.5	14	1815 Sydney St.	0.99	R-1
				15	1636 Woodland Dr.	36.20	R-1-SP



FIGURE 2

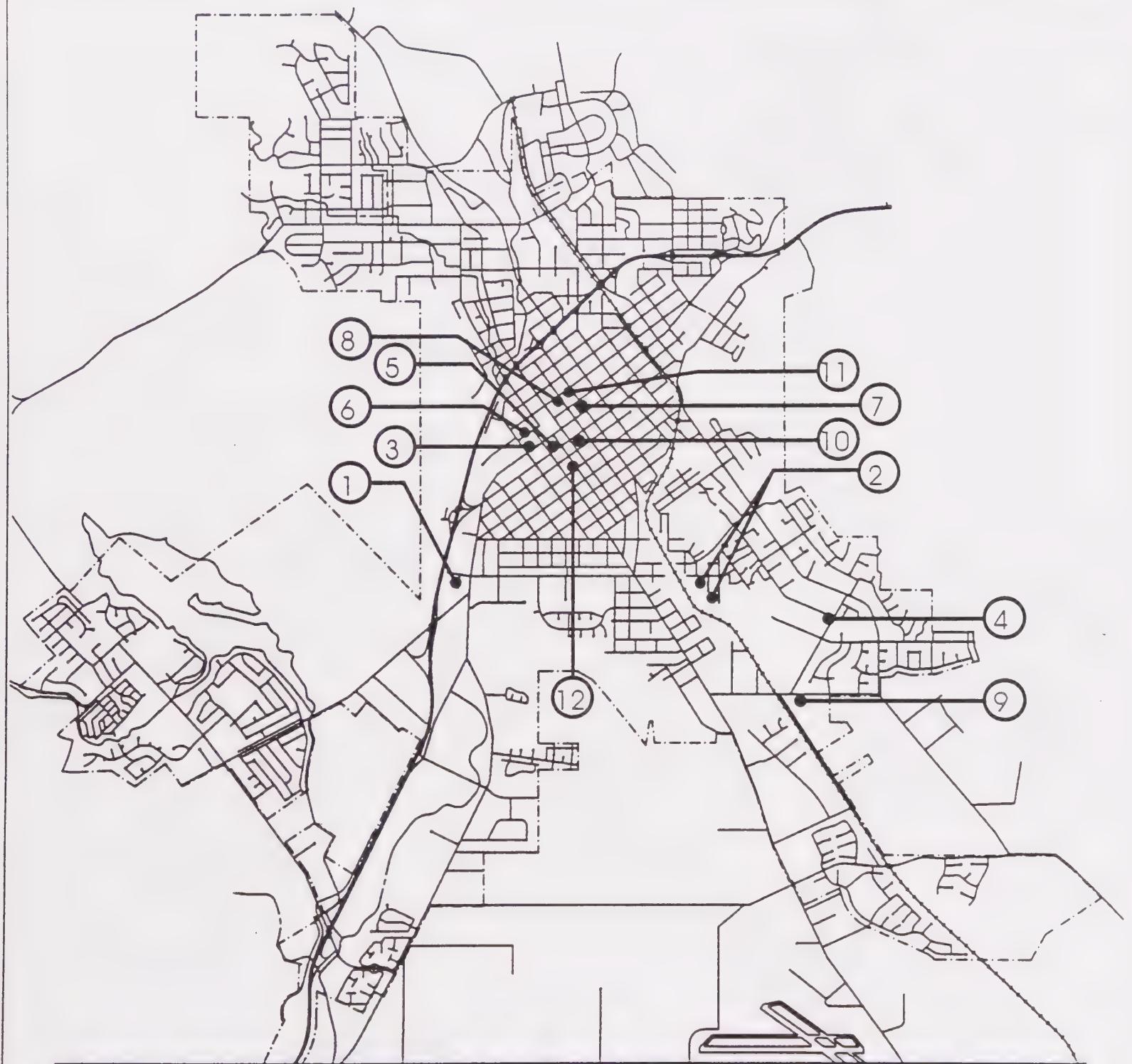


LEGEND

No.	Address/APN	Acres	Zone	No.	Address/APN	Acres	Zone
1	275,279,285 Bridge St.	4.00	M	7	1121 Montalban St.	0.34	C-T
2	2900 Broad St.	3.13	C-S	8	1231 Laurel Ln.	0.38	C-N
3	2900 1/2 Broad St.	0.64	R-2-S	9	3229-39 Broad St.	0.33	C-S-S
4	3053 South Higuera St.	0.69	C-S	10	2959 Broad St.	1.37	C-S-S
5	3251 South Higuera St.	1.18	C-S-S	11	3069 Broad St.	1.55	C-S-S/R-2-S
6	75 Santa Rosa St.	2.20	O	12	2238 Broad St.	1.63	C-N



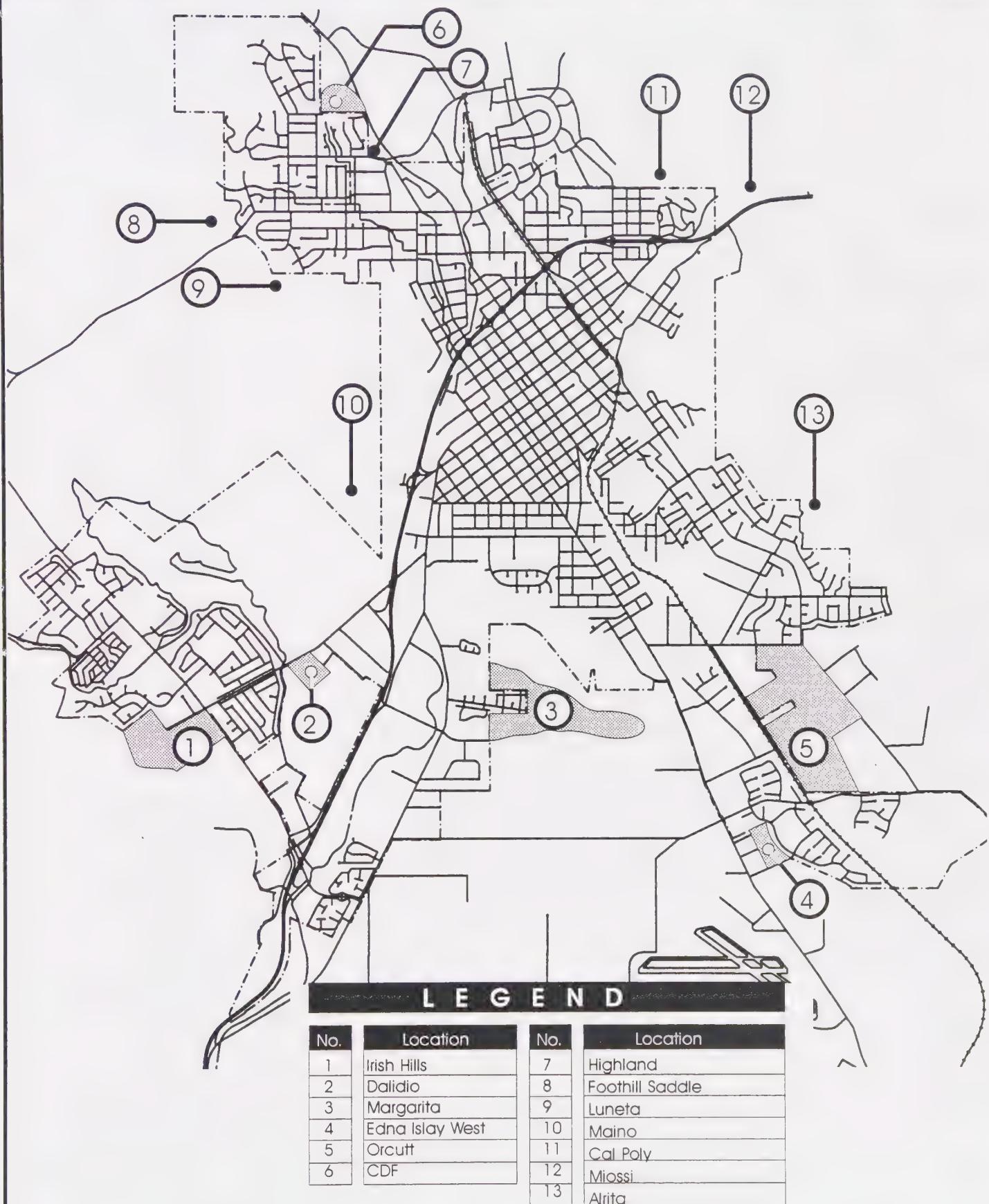
FIGURE 3



L E G E N D

No.	Address/APN	Acres	Zone	No.	Address/APN	Acres	Zone
1	170 Brook St.	0.20	C-S	7	999 Monterey St.	0.66	C-C-H-PD
2	04-852-0021, 04-852-0024	1.37	C/OS-5	8	955 Morro St.	0.45	C-C-H
3	640 Higuera St.	0.30	C-C-H	9	1071 Orcutt Rd.	0.39	R-3-S
4	1280 Laurel Ln.	0.65	PF	10	860 Pacific St.	0.15	O
5	736 Marsh St.	0.60	C-C	11	877 Palm St.	1.01	C-C-H
6	630 Monterey St.	0.47	O-H/R-3	12	748 Pismo St.	0.6	O

FIGURE 4



Development Review Fee Comparisons
THREE UNIT RESIDENTIAL DEVELOPMENT

	PISMO BEACH	SANTA BARBARA	SIMI VALLEY	OXNARD	THOUSAND OAKS	SANTA MARIA	PASO ROBLES	SAN LUIS OBISPO
	Current	Proposed						
PLANNING FEES								
Parcel Map	\$1,250	\$654	\$1,370	\$2,206	\$600	\$180	\$146	\$275
Total Planning	\$1,250	\$654	\$1,370	\$2,206	\$600	\$180	\$146	\$275
BUILDING & SAFETY FEES								
Grading Permit Fees	\$29	\$33	\$22	\$26	\$22	\$22	\$25	\$35
Plan Check Fees	\$1,862	\$2,148	\$1,432	\$1,718	\$1,432	\$1,432	\$1,647	\$1,005
Building Permit Fees	\$2,912	\$3,360	\$2,240	\$2,688	\$2,240	\$2,240	\$2,576	\$1,583
Total Building & Safety	\$4,803	\$5,541	\$3,694	\$4,432	\$3,694	\$3,694	\$4,248	\$2,623
ENGINEERING FEES								
Parcel Map – Final	\$851	\$950	\$1,699	\$1,405	\$2,042	\$1,720	*	\$275
Total Engineering	\$851	\$950	\$1,699	\$1,405	\$2,042	\$1,720	\$750 *	\$275
TOTAL FEES DUE	\$6,904	\$7,145	\$6,763	\$8,043	\$6,336	\$5,594	\$5,144 *	\$3,173
								\$5,974

ASSUMPTIONS:

- SUBDIVISION OF PARCEL IS REQUIRED
- BUILT ON ONE ACRE
- EACH RESIDENTIAL UNIT = 2,000 SQ. FT.
- EACH GARAGE = 400 SQ. FT.
- CONSTRUCTION COST = \$400,000
- PUBLIC IMPROVEMENTS PREVIOUSLY INSTALLED

* These fees are based on billings per hour charged to each specific project. As such, it is not possible to calculate a pre-determined fee for this service. For comparison purposes, fees for the City of Paso Robles have been estimated using the lowest fee charged by the surveyed cities in providing engineering services.

PLANNING SERVICES FEE SCHEDULE, JUNE 1994

The following fees and charges for planning services were approved by City Council Resolution on September 17, 1991, and are adjusted annually each November 1st to reflect changes in the Consumer Price Index.

<u>ZONING SERVICES</u>		<u>OTHER PLANNING SERVICES</u>	
Sidewalk Sales Permit	\$ 53.00	Environmental Impact Determination	\$ 526.00
Home Occupation Permit	\$ 53.00	Environmental Impact Report	
School Tenant Permit	\$ 105.00	Consultant Contract plus 30% for administrative & review services	
Administrative Use Permit	\$ 210.00		
Planning Commission Use Permit	\$ 683.00	Sign Permits	
City Council Use Permit	\$ 683.00	Free Standing	\$ 73.00
Downtown Housing Conversion Permit	\$ 663.00	All Others	\$ 53.00
Variance	\$ 820.00	Architectural Review	
Planned Development Permit		Signs	\$ 158.00
Preliminary	\$1,578.00	Development Projects	\$ 663.00
Precise	\$ 842.00	Minor-Incidental	\$ 190.00
Precise Plan Amendment	50% of Filing Fee	Street Name Change	\$ 557.00
Rezoning		Street Abandonment	\$ 663.00
Map Amendment	\$1,083.00	Condominium Conversion	\$ 873.00
Text Amendment	\$ 736.00	Applicant-Requested Continuation	\$ 126.00
Time Extension	\$ 126.00	Time Extension	\$ 126.00
		Plan Revisions	50% of Filing Fee
		Special Research	Actual Cost
		Appeals	No Charge
<u>GENERAL & SPECIFIC PLANS</u>		<u>SUBDIVISION SERVICES</u>	
Specific Plan		Lot Line Adjustment	\$ 315.00
Initial Study Fee	\$1,052.00	Lot Combination	\$ 315.00
Initial Plan Review	fixed fee	Minor Land Division	\$ 631.00
per written agreement with applicant		Parcel Map (4 or less lots)	\$1,609.00
Amendment	fixed fee	Tract Map (5 or more lots)	\$1,609.00
per written agreement with applicant		Certificate of Compliance	+ \$53/Lot
General Plan Amendment		1 to 9 Parcels	\$ 263.00
Map (includes rezoning)	\$1,188.00	10 or more Parcels	\$ 315.00
Text	\$ 736.00	Final Parcel Map	\$ 788.00
		Final Map Time Extensions	
Annexation	\$1,052.00	50% of current tentative map filing fee	
	+ \$105/Acre over 5 Acres		

APPENDIX B

Council Resolution

RESOLUTION NO.8354(1994 Series)

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN LUIS OBISPO ADOPTING A REVISED HOUSING ELEMENT OF THE GENERAL PLAN

WHEREAS, the Planning Commission and the City Council have held public hearings on the subject amendments in accordance with the California Government Code; and

WHEREAS, these amendments come to the Council upon the recommendation of the Planning Commission; and

WHEREAS, the potential environmental impacts of the amendments have been evaluated in accordance with the California Environmental Quality Act and the City's Environmental Guidelines and the City Council has considered an initial study of environmental impact.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Luis Obispo as follows:

SECTION 1. Environmental Determination. This Council, after considering public testimony, the Planning Commission recommendation, initial environmental study ER 80-92, and staff reports thereon hereby affirms and adopts the Community Development Director's negative declaration of environmental impact for the revised Housing Element; and finds that the further amendments thereto are substantially consistent with the November 1993 Draft Housing Element which was the subject of the initial study, and do not pose any significant adverse impacts which have not previously been considered by ER 80-92.

SECTION 2. Record of Proceedings. The City Council has received and considered the Planning Commission recommendation, the staff reports and recommendation, correspondence, and public testimony. Records of these items are on file in the office of the City Clerk. Two public workshops were held to solicit community input, and the Planning Commission held three public hearings to consider amendments to the Housing Element. In addition, the City Council conducted eight public hearings concerning the amendments and related matters. The minutes of those hearings indicate Council members' comments on the amendments, and are on file in the office of the City Clerk.

SECTION 3. Public and Agency Review. Drafts of the proposed amendments have been widely available for review and comment by interested agencies and individuals. Copies have been provided to the San Luis Obispo City-County Library and the Cal Poly Library, to the State Department of Housing and Community Development as required by law, and to governmental

and non-profit housing agencies whose jurisdiction is related to housing issues within the area.

SECTION 4. Findings. This Council, after considering the September 1994 Draft Housing Element, the Planning Commission's recommendations, staff recommendations, public testimony and correspondence, and reports thereof, makes the following findings:

1. The proposed Housing Element amendments, as contained in the document titled "Housing Element, September 1994", Exhibit "A" on file in the Community Development Department, (hereinafter "amendments"), are consistent with all elements of the General Plan.
2. The amendments will promote public health, safety and welfare by preserving housing which is affordable to very-low, low, and moderate income households; encouraging variety in housing types, sizes, cost, and tenure; establishing programs to ensure that new development incorporates affordable housing or contributes in-lieu fees toward the development of additional affordable housing; and by setting quantified objectives for the conservation, rehabilitation and production of housing.
3. Consistent with California Government Code Section 65583 (b)(2), the City has established quantified objectives which differ from its assigned share of regional housing needs, and the basis for this difference is documented in Chapter 2.32 of the Housing Element.
4. The amendments were submitted to the California Department of Housing and Community Development (the "Department) for its review, as required by State law. The Department responded with written comments dated July 1, 1993 and January 13, 1994. The Council has considered the Department's comments and findings, as required by Government Code 65585, and has provided additional information and analysis in response to Department comments.
5. Pursuant to Government Code Section 65585(f)(2), the Council has determined that the amendments substantially comply with the requirements of State Housing Law, as described in Exhibit "B", and that further revisions to the amendments to satisfy Department comments would be inconsistent with the General Plan and/or pose environmental consequences which would be detrimental to public health and safety, and the public welfare, as more fully described in Exhibit "C."
6. Council hereby finds that the Housing Element will not operate to limit the maximum number of dwellings which may be constructed on an annual basis, since dwellings affordable to low- and very-low income households will be exempt from Residential Growth Management Regulations. However, by phasing the development of residential expansion areas in conformity with growth management goals, the Land Use and Housing

Elements may operate to limit the number of housing units which may be constructed within a period of years. In fulfilling the intent of California Government Code Section 65302.8, Council hereby makes the following findings:

- A. **Regional Housing Needs.** The City has determined that approximately 5,300 additional dwellings can be accommodated by the land use designations and allowed densities contained within the Land Use Element, and that the intended growth rate will allow this capacity to be used within about twenty-five years. The City has further determined that the "Regional Housing Needs Assessment" assignment for San Luis Obispo of 5,128 dwellings by July 1, 1999, was based on inaccurate data and is neither appropriate nor achievable within the identified time frame.

The rate of population growth on which regional housing need allocations were based is not likely to be achieved, because of San Luis Obispo County's recessionary economic conditions from 1991 through 1994, State population projections, and resource constraints.

Through its General Plan, the City intends to manage residential and commercial growth so that new development occurs in an orderly manner and can be adequately served by utilities and public services like police, fire, schools, parks and recreation, and general government for the health, safety and welfare of its citizens. Modification of the Housing Element and Land Use Element policies to accommodate State-mandated growth targets would represent a fundamental policy shift, since both the previous and revised Land Use Elements encourage gradual development outward from the City center. Accommodating the City's assigned share of regional housing need by 1999 would exhaust the land and water resources designated in the General Plan to meet the City's residential needs over the next 25 years.

- B. **City Actions to Expand Housing Opportunities.** The City is undertaking programs and activities to expand housing opportunities for all income groups and for those working within the City, as specified in the September 1994 Housing Element. Further, the revised Land Use Element contains policies and programs which will expand housing opportunities for all income groups and for those working within the City, through provision of sites for additional multifamily housing within identified expansion areas and through density bonuses linked to transfer of development credits.
- C. **Public Health Safety, and Welfare.** Adoption of the revised Land Use Element will promote the public health, safety, and welfare by:

- (1) Strengthening the City's long-term fiscal health so that the City can provide adequate levels of service;
- (2) Assuring that adequate resources and services needed for new development will be made available concurrent with that development;
- (3) Protecting the natural environment and air quality to the extent possible within a region where population increase is expected;
- (4) Maintaining or enhancing the relatively high level of services enjoyed by City residents;
- (5) Assimilating new residents at a pace which preserves the community's social fabric, safety, and established neighborhoods;
- (6) Promoting residents' opportunities for direct participation in City government and their sense of community.

D. **Limited Local Resources.** There are limited fiscal and environmental resources available to the City which can be devoted to meeting demands of additional residential development. Programs to remove or mitigate these constraints are discussed in the Housing Element and the Water and Wastewater Management Element. However, several constraints to housing production remain which cannot feasibly be overcome within the time frame of the Regional Housing Needs Assessment. These are:

- (1) *Availability of Water.* The City's growth projections assume that adequate resources and public services are available. Housing growth beyond the relatively small number of dwellings which can be built through the water offset (retrofit) program depends on successful City efforts to secure additional water supplies.
- (2) *Public Facilities and Services.* Schools, police and fire services, parks, and general City administration are currently considered marginally adequate to meet current needs, as described in ER 80-92. To meet the City's assigned share of regional housing need would require 15 additional fire fighting personnel, 19 sworn police officers, and approximately 88 other full-time City staff; would generate demand for an additional 76 acres of neighborhood and district parks; and require additional faculty and classroom space to accommodate 2,364 students, assuming services are maintained at current levels. The capital costs of meeting these public services needs under the plan would exceed the City's and school district's

financial resources, and result in significant financial hardship and public safety impacts.

- (3) *Environmental Impacts.* According to the City's 1993 EIR on the Land Use and Circulation Element updates, significant adverse impacts to circulation, agricultural land, and aesthetics are likely to result from accommodating the proposed residential growth. Although growth impacts cannot be entirely mitigated, the 25-year planning time frame allows development of additional mitigations or adjustments to the planned development capacity if proposed mitigations prove to be inadequate. Accommodating an equivalent amount of residential growth within the compressed time frame of the Regional Housing Needs Assessment would result in significant adverse impacts and threaten public health and safety due to inadequate public facilities and services.
- (4) *Local Conditions Affecting Land Use.* Unique physical characteristics, including steep topography, the need to preserve prime agricultural lands within and adjacent to the City, and the unique visual qualities of the City's volcanic morros and open spaces have guided the City's land use and planning policies.

SECTION 5. Adoption of Revised Housing Element. The September 1994 Housing Element is hereby approved.

SECTION 6. Publication and Availability. The Community Development Director shall cause the newly adopted element to be published and provided to City officials, concerned agencies, and public libraries, and shall be made available to the public at a cost not to exceed the cost of reproduction. The Community Development Director shall transmit a copy of the element to the California Department of Housing and Community Development, consistent with Section 65585 (2)(g).

SECTION 7. Effective Date. The newly adopted element shall be effective on the thirtieth day after passage of this Resolution.

SECTION 8. Repeal of Previous Element. The Housing Element, adopted June 10, 1986 and amended March 17, 1987, is repealed upon the effective date of the September 1994 Housing Element revisions.

On motion of Settle, seconded by Roalman, and on the following roll call vote:

AYES: Vice Mayor Settle, Council Member Roalman, and Mayor Pinard

NOES: Council Members Rappa and Romero

ABSENT: None

Council Resolution No. 8354 (1994)

Page No. 6

the foregoing resolution was passed and adopted this 20th day of September, 1994.

Peg Pinard

Mayor Peg Pinard

ATTEST:

Diane R. Gladwell
City Clerk Diane R. Gladwell

APPROVED AS TO FORM:

Jeff Jorgensen
City Attorney Jeff Jorgensen

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